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Ganson Purcell, SEC Chairman, Will Address Annual Dinner Of N. Y. Security Dealers

Members of the Securities and Exchange Commission, financial writers of New York newspapers and representatives of Wall Street institutions are among the invited guests attending the 16th anniversary dinner of the New York Security Dealers Association to be held at the Waldorf-Astoria Grand Ballroom on March 26th. Four of the five SEC Commissioners, including its Chairman, Hon. Ganson Purcell, speaker of the evening, have signified that they will be present.

Three short timely discussions, "The Future Aspect of the Over-the-Counter Markets," "War Production," and "Inside Nazi Germany," are to be given by men prominent in their respective fields.

Ganson Purcell

Ganson Purcell will address the gathering on the first named subject. This should be particularly interesting to over-the-counter dealers. The problem of production necessary to win the war will be presented by Clarence J. Reese, President of Continental Motors Corporation. The prominent radio commentator, Alexander Drier, will give his views of the situation in Germany, based on his recent experiences as correspondent for the National Broadcasting Company in Berlin, where he reported the news twice daily for several months. Because of his refusal to broadcast German releases, he was requested to leave Berlin. The day before the attack on Pearl Harbor he left for the United States.

Among the guests attending the dinner are: John J. Bennett, Jr., Attorney-General of the State of New York; Herbert H. Blizzard, President, National Security Traders Association; Arthur S. Burgess, President, Bond Club of Philadelphia; Hon. Edmund Burke, Jr., Commissioner, SEC; James J. Caffrey, Regional Administrator, SEC, N. Y.; John S. Fleek, President, Investment Bankers Association; J. Taylor Foster, President Bond Club of New York; Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Washington; Leslie Gould, Financial Editor, "New York Journal American"; Hon. Godfrey Haggard, British Consul General at New York; Hon. Robert E. Healy, Commissioner, SEC; Frederick W. Jones, Managing Editor, "Commercial & Financial Chronicle"; Kenneth C. Hogate, Editor, "Wall Street Journal"; Ambrose V. McCall, Assistant Attorney-General, State of New York; Fred C. Moffatt, Chairman, Board of Governors, New York Curb Exchange; Maj. Gen. Irving J. Phillipson, Commander 2nd Corps Area, United States Army; Hon. Sumner T. Pike, Commissioner, SEC; Hon. Ganson Purcell, Chairman, SEC; George P. Rea, President, New York Curb Exchange; Stanley L. Roggenburg, President, Security Traders Association of New York; Emil Schram, President, NYSE; Carlton A. Shively, Financial Editor, "New York Sun;" C. Norman Stabler, Financial Editor, New York "Herald Tribune;" Robert L. Stott, Chairman, Board of Governors, NYSE; Eliot H. Sharp, Managing Editor, "Investment Dealers Digest," and James A. Treanor, Director, Trading & Exchange Division, SEC, Washington.

It is expected by the committee in charge that in addition to the honored guests there will be approximately 800 members of local and out-of-town firms in attendance.

Members of the committee in

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OUR REPORTER'S REPORT

Secondary and speculative bonds appear to have taken the play away from equities, at least for the time being, judging by the behavior of the stock market in recent sessions.

The equity market, while not pressed with volume liquidation, is suffering from a marked dearth of interest in the buying side.

Traders who normally turn to stocks are deterred from making new commitments chiefly by tax uncertainties. They are disposed to await more definite Congressional ideas before seeking to figure future prospects.

There is no brushing aside the fact that stocks have suffered outright neglect since Secretary of the Treasury Morgenthau put forward his drastic proposals last week.

Meanwhile there has been a very definite expansion of interest in secondary ratings in the bond market, particularly in obligations of carriers where vastly expanding traffic is bolstering earnings available for fixed charges.

Rising earnings naturally lend added attraction to substantial yields which are available in contrast to the current tendency among corporations toward conservatism in dividend disbursements at least through the first half of the year.

Defaulted railroad obligations, incidentally, have shown an appreciation of about 36% since the turn of the year, measured by the averages.

B & O Case In Point

That the trend toward railroad liens of secondary calibre is not without basis is evident from the case of the Baltimore & Ohio.

Obligations of the big trunk

(Continued on Page 1031)

Split Commissions Would Benefit Both Exchange And Over-the-Counter Firms

By F. W. Stephens

The fine old veteran of Wall Street shook his head over the morning's headlines anent the raise in Stock Exchange commission rates. He is not in favor of the increase and is convinced it would lessen the volume of trading and would not improve business.

"How about allowing a percentage of the commissions to Over-the-Counter dealers?" we asked.

For some time this has been debated as a remedy for increasing transactions on the Stock Exchange and thereby creating much needed income for member houses, but so far the older members, especially, have trembled and turned pale when anyone even whispered split commissions, and have called attention to the rule of the Exchange that even the salaries of customers' men cannot be based on their commissions.

It has always seemed to us a shortsighted policy on the part of the New York Stock Exchange Association to brush aside the huge potential business-getting abilities of OC dealers. Here is a ready trained group, in the nature of customers' men, which could be utilized with no expense to the member house unless definite transactions were executed. It merely would require well planned rules.

"We have always held rigidly to the rule that there should be no splitting of commissions under any circumstances," said the Veteran.

"Why?"

"Some houses might offer all sorts of inducements for special consideration," he replied, "and it would be difficult to check on secret arrangements. Why every little clerk in a downtown bank or business house would try to chisel on orders coming through their respective establishments and might even devote time to obtaining outside orders," he continued.

"There is no question but that a general commission-splitting policy would be inadvisable, but there must be some way to have a controlled arrangement. We surely have enough regulatory bodies to prevent abuses. Other lines of business have wholesale and retail prices which are fairly well controlled without a fraction of the supervision received by Wall Street. If one goes to a furniture house, which has both a wholesale and a retail trade, the first question is 'Are you a dealer?' and the price is quoted accordingly."

He began to show more interest. "I suppose we could have fixed rates to OC dealers just as we have for Stock Exchange members," he mused.

"There could be a rule that only Over-the-Counter firms which are registered members of a recognized association of security dealers, such as the NASD, could buy or sell at the special lower commissions, and that all orders must come directly from these firms and be confirmed to them as dealers."

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Holds Ad Reduction In War Poor Judgment

At a special marketing conference of the American Management Association, called to consider sales planning for the duration, Walter H. Gebhart, manager of sales of the industrial division of Henry Disston & Sons, Inc., Philadelphia, declared that using poor judgment in handling sales and advertising programs during the present war will destroy many industrial organizations just as after the first World War.

The "Termite of poor judgment, as evidenced in the discontinuance of advertising and direct sales effort," said Mr. Gebhart, brought about the destruction of many firms during the last war which in some instances could have been saved.

Stewart In Britain With Canadian Army

William D. Stewart, Jr., once a member of the New York Stock Exchange, and now a Sergeant Major in the Canadian Army, has arrived safely in Britain with his troops. Before entering the armed service, he was an individual floor broker in New York and was a partner in Branch, Cabell & Co. of Richmond and of W. A. Fine & Co. of New York.

Slayton & Co. In Quincy

(Special to The Financial Chronicle)

QUINCY, ILL.—Willis F. Slayton has formed Slayton & Co., of which he is sole proprietor, with offices in the Illinois National Bank Building. Mr. Slayton was formerly for a number of years an officer of W. G. Houston & Co. and prior thereto was with Straus Securities Corp. of Chicago.

New York State Stock Transfer Tax Revision In Peril

Charles A. Donnelly in the New York "World-Telegram" last Saturday said that remarks of legislators returning from Albany for the week-end, indicated that the proposal of the New York Stock Exchange to increase commission rates sounded the death-knell for any transfer tax relief at the present session.

All New York State brokers and dealers and their employees should wire or write their Senators and Assemblymen at Albany to impress upon them how vital it is that they exert themselves to the utmost to insure passage of the Coudert-Mitchell Bills, calling for the amendment of the New York State transfer tax laws.

In the first place, firms holding an exchange membership represent only a small fraction of the total number of dealers and brokers in securities in the entire State of New York. In the second place, so far as Stock Exchange firms are concerned their life still would not be just a bowl of cherries even if both the commission rates were upped and the transfer tax laws were amended. When writing or wiring your Senator and Assemblyman today, make this fact clear.

Ralph Carr Co. Opens Direct Phone to N. Y.

BOSTON, MASS.—Ralph F. Carr & Company, 10 Post Office Square, which heretofore has had a direct private telephone to the New York office of Williams and Southgate, has now a direct telephone connection to Smith, Barney & Company, New York City, REctor 2-1288. All subscribers to "Security Dealers of North America" should add this new telephone number to the listing of Ralph F. Carr & Company in Boston so that they will have the latest information.

Distributors Group In Chicago Under Leggett

CHICAGO, ILL. — Distributors Group, Incorporated, has opened a branch office here at 231 South La Salle Street, under the management of Marvin C. Leggett. Mr. Leggett was formerly with Crane, McMahon & Co., specializing in Wholesale Group Securities, and prior thereto was Chicago manager for Distributors Group, Inc.

Panicky Selling Of Utilities Ill-Advised

With respect to the present bearishness on utilities generated by the Morgenthau tax proposals, it might be appropriate to call attention to the fact that it is estimated about 75% of utility companies now have in effect "coal and tax clauses" in their industrial contracts.

Under these clauses companies may make contracts which provide that rates for power supplied industrial users may be increased at times when taxes and coal rates rise to such an extent that higher rates are necessary (industrial consumption of electric power accounts for about 55% of the total revenues of privately owned electric power plants). In connection with the prospect of an upward revision of utility rates for industrial companies it might be noted that the Montana Public Service Commission recently revoked its own previous order and directed an increase in rates because of increased operating costs. Another instance is that of the California Railroad Commission which noting that no fuel clauses were included in certain new contracts in approving the higher rate schedules, directed that coal clauses be included in the new contracts.

Some of the liquidation in utilities is readily understandable, but much of it, in our judgment, is hasty, ill-advised and based on erroneous conclusions.—G. Y. Billard, J. R. Williston & Co.

Stevenson & Vercoe Join Vercoe & Co.; Lorenz To Be Dealer

COLUMBUS, OHIO—Stevenson, Vercoe & Lorenz announce the voluntary dissolution of the firm effective March 14th. At that time Justin J. Stevenson and Fred Vercoe, Sr. will become associated with Vercoe & Co., Huntington Bank Building, members of the New York Stock Exchange, Pittsburgh Stock Exchange, and associate members of the New York Curb. James F. Crum who has been in charge of trading at Stevenson, Vercoe & Lorenz, preparing daily quotations on local stocks and bonds, will continue this service with Vercoe & Co., which he is also joining. Raymond L. Cundiff and Wynne MacManinam, who were connected with Stevenson, Vercoe & Lorenz and its predecessor firm for many years will also be associated with Vercoe & Co.

August Lorenz will continue as an individual dealer in securities with offices in the Huntington Bank Building.

W. F. Thompson Moves

W. F. Thompson & Co. announce the removal of their offices to new quarters at 25 Broad Street, New York City.

Sherman In New Quarters

The offices of L. D. Sherman & Co. will be located at 30 Pine Street, New York City after March 16, the firm announces.

Hunter, Turrell & Dahl Formed In San Fran.

SAN FRANCISCO, CALIF.—Phelps Hunter, founder of Phelps Hunter and Associates, Russ Bldg., has been commissioned a Lieutenant in the United States Naval Reserve and called to active duty with the Naval Air Force. A general partnership called Hunter, Turrell & Dahl had been formed on Jan. 1 to succeed Phelps Hunter & Associates, and will now carry on. Mr. Turrell, who has been with the firm for five years as investment adviser, will now be the senior active partner. Mr. Dahl, who has served the firm for four years as accountant and tax adviser, will be the junior active partner. Mr. Hunter will continue as a general partner.

Messrs. Chickering and Gregory will remain as attorneys to the new firm; McLaren, Goode and Company will also carry on as accountants. The firm's banking connections will be unchanged, and the established policy for their clients to choose their own attorneys, banks and brokers will not be altered in any way.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.

Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

State Street Investment Stock Offered

Public offering of a limited amount of common stock of the State Street Investment Corp., of Boston, was made March 10 by a nation-wide group of investment firms associated with Massachusetts Distributors, Inc., underwriters of the first new capital financing undertaken by the Fund since 1938. The shares are priced at current market, which is based on net asset value, calculated twice daily.

With the current offering of 53,095 shares of additional stock and approximately 11,900 shares of treasury stock, all of the presently authorized common stock of the Fund, constituting its entire capitalization, will be issued and outstanding.

State Street Investment Corp. was organized in 1924 as a private investment medium. As of July 31 of that year net worth was $100,000. At the close of 1927, when the number of shareholders had increased from 3 to a total of 95, net worth was $3,334,000. Since that date, the number of shareholders has risen to more than 6,000 at the close of 1941, when net worth amounted to $29,337,924, represented by 536,184 shares of common stock.

Directors of State Street Investment Corp. include Charles Francis Adams, Paul C. Cabot, David H. Howie, Richard C. Paine, Richard Saltonstall, R. Minturn Sedgwick and Henry L. Shattuck. Messrs. Cabot, Paine and Saltonstall are also partners of State Street Research and Management Company, which provides management services to the Fund.

Japha In New Location

R. K. Japha Co. announce the removal of their offices to 50 Broad Street, New York City, from 40 Exchange Place.

Says Ads During War Keep Friends After

Advertising helps to keep "friendships in repair," George A. Kelly, Vice President of The Pullman Company, told members of the Hotel Sales Managers Association in convention in Cincinnati.

The desirability for companies concentrating on war work to keep up advertising programs for the duration where that is possible was stressed by the sleeping car executive who said that his company hoped to do so in order that "our customers will continue to be our friends."

In reviewing the events leading up to the Pullman company's conviction that advertising is an essential instrument of modern business, Kelly said that while his company for years had pioneered in the development of sleeping car comfort, service and safety, it, not unlike many other industries, had not for a long time made any sustained effort to get its message to the public.

"The foremost object of the company was service to the public—standardized, perfected, constantly improved. The ability to render such service depended not only upon the equipment itself, but also upon an expertly trained personnel. Efforts were never ceasing to install every improvement found practicable. But as the business grew and developed we didn't have any definite plan to tell anybody about it," Kelly declared.

When the company set out upon an advertising campaign in the 30's, Kelly said it was thought that "the spectacle of barefoot boys thronging beside the tracks to watch No. 69 go by or of everyone in town going down to the depot to meet No. 24 was as out-of-date as the buggy-whip. But it wasn't—and the industry set about proving that it wasn't."

With the introduction of Pullman's new lightweight streamlined cars, "sales and promotional ideas which may have been lacking previously came rushing," Kelly said. "Exhibitions of new trains, well-advertised, began attracting a few curious sightseers at first, then, as the word spread, ropes and police became necessary to hold the crowds back."

Even though the company's manufacturing affiliate is now 95% engaged in war work and while a third of the sleeping car fleet is used for troop travel, Pullman hopes to maintain its advertising pace during the war, Kelly declared, because we want "our customers in war-time to be our friends after Victory comes."

Vance Elected Pres. Mass. Distributors

BOSTON, MASS. — Massachusetts Distributors, Inc., 85 Devonshire Street, announces the election of Henry T. Vance as President, to succeed the late Mahlon E. Traylor and the addition to the Board of Directors of David T. Sanders. The firm, with headquarters in Boston, has been for a number of years the underwriter for shares of Massachusetts Investors Trust, Boston Fund and Massachusetts Investors Second Fund, and more recently for a block of shares of the State Street Investment Corporation.

Mr. Vance was associated with Mr. Traylor at Brown Brothers Harriman & Co., in New York City, for several years, and for the last six years he has been executive Vice President and a Director of Massachusetts Distributors. Mr. Sanders, Vice President of the firm in charge of the Chicago office, had been associated with Mr. Traylor since 1932.

All other officers and directors will continue as heretofore.

Sees Market For Govts. Maintaining Strength

Reviewing the impact of war on United States Treasury issues, C. J. Devine & Co., 48 Wall Street, New York City, specialists in United States obligations, express the opinion in their annual survey that the Government securities market can be expected to withstand even more adverse developments than those of 1941 when it showed unexpected strength in resisting a combination of unfavorable circumstances.

Their opinion is based largely on the fact that the borrowing and refunding problems of the Government afford impelling motives to keep interest rates from rising and that the continuation of low rates of interest tends to broaden the market for new Treasury issues.

"The ability of the market to withstand adverse developments is an indication of the efficacy of modern methods of monetary control in keeping interest rates at a low level," says the study. "Federal Reserve and Treasury authorities have demonstrated their ability and determination to prevent disorderly market declines by their support in the crises of September 1939 and December 1941.

"The moderate amount of official market support required last December reflected the growing belief that the authorities will act, when necessary, to prevent severe declines in Government security prices. Many banks which at one time may have hesitated to purchase Government securities because of fear that a drastic decline might jeopardize their capital, no longer feel the same restraint. Their need for these investments, on the other hand, has increased, and will continue to increase as bank earnings are reduced through high taxation, higher operating costs, and the refunding of high coupon, partially tax-free issues with new obligations bearing lower rates of interest. Since Government securities are now a major source of bank earnings, the banks must increase their holdings in sufficient amounts not only to meet increased expenses, but also to compensate for the lowering of the rate of return on their investments."

New features of the study this year include discussions of United States Treasury Tax Savings Notes and a graphic record of weekly price and yield index changes during 1941. A chronology of 1941 events pertaining to United States financing, banking and the money market is set forth, as well as a chronological record of United States government financing for the past three years. A record of receipts and expenditures of the United States Treasury is based on actual records for 1940 and 1941 with budget estimates for the fiscal years 1942 and 1943. Other features include a statement of the public debt of the United States at the end of 1941 compared with previous years, a classification of ownership of government securities, descriptive tables of outstanding Treasury issues, and the 1941 price record of United States issues.

Pell & Simonds Join Laird, Bissell Co.

Subsequent to the dissolution of Pell, Peake & Co., effective today, Walden Pell, Francis M. Simonds, Jr., partners in the firm, William Cumings and William H. Gilmartin, will become associated as of March 16 with Laird, Bissell & Meeds, 120 Broadway, members of the New York Stock Exchange and other leading Exchanges. Messrs. Pell, Gilmartin and Cumings will be in the Laird, Bissell & Meeds bond department; Mr. Simonds will be with their stock department.

Augustus Knight With Bacon, Whipple & Co.

CHICAGO, ILL.—As of April 1, Augustus Knight will be admitted to partnership in Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Knight was for many years an officer of Knight, Dickinson & Co. and its predecessor firms.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 9 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated March 11 and to mature June 10, 1942, which were offered on March 6, were opened at the Federal Reserve Banks on March 9. The following details of this issue are revealed:

Total applied for---$471,349,000
Total accepted----- 150,194,000
Range for accepted bids:
High—100.
Low—99.938. Equivalent rate approximately 0.245%.
Average Price 99.942. Equivalent rate approximately 0.229%.
(17% of the amount bid at the low price was accepted.)

There was a maturity of a similar issue of bills on March 11 in amount of $150,027,000.

Dixon Co. To Admit J. Clark As Partner

James Averell Clark, member of the New York Stock Exchange, will be admitted to partnership in Dixon & Co., Philadelphia, Pa., as of April 1. Mr. Dixon will make his headquarters in the firm's New York office at 14 Wall Street. He was formerly a partner in Carl M. Loeb, Rhoades & Co.

Form Robt. G. Johnson Co.

Robert G. Johnson, member of the New York Stock Exchange, and Anthony J. Bailey will shortly form Robert G. Johnson & Co., with offices at 61 Broadway, New York City. It is proposed that Mr. Bailey act as alternate for Mr. Johnson on the floor of the Exchange under section 15, article IX. Mr. Johnson has been in business as an individual floor broker.

DIVIDEND NOTICES

ALLIS-CHALMERS MANUFACTURING COMPANY
Common Dividend No. 71

A dividend of twenty-five cents ($0.25) per share on the Common Stock, without par value, of this Company has been declared, payable April 8, 1942, to stockholders of record at the close of business March 18, 1942.

Transfer books will not be closed.
Checks will be mailed.

W. E. HAWKINSON, Secretary.
March 5, 1942.

HOMESTAKE MINING COMPANY
Dividend No. 851

The Board of Directors has declared dividend No. 851 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable March 25, 1942 to stockholders of record 3:00 o'clock P. M. March 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.
March 3, 1942.

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

March 6, 1942

THE Board of Directors on March 4th, 1942 declared a dividend at the rate of 50c. per share on the outstanding Common Stock of this Company, payable on March 31st, 1942 to stockholders of record at the close of business on March 20th, 1942. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

THE TEXAS COMPANY

158th Consecutive Dividend paid by The Texas Company and its predecessors.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on April 1, 1942, to stockholders of record as shown by the books of the company at the close of business on March 6, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
February 20, 1942 *Treasurer*

UNITED FRUIT COMPANY
DIVIDEND NO. 171

A dividend of one dollar per share on the capital stock of this Company has been declared payable April 15, 1942 to stockholders of record at the close of business March 19, 1942.

LIONEL W. UDELL, Treasurer.

THE YALE & TOWNE MFG. CO.

On March 9, 1942, a dividend No. 206 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable April 1, 1942, to stockholders of record at the close of business March 19, 1942.

F. DUNNING, Secretary.

Exchange Firms Form Inv. Bank. Committee

Eugene Barry, of Shields & Co., and a Governor of the Association of Stock Exchange Firms, announced today the formation of an Investment Banking Committee of the Association. The personnel of the committee is drawn from New York Stock Exchange member firms which regularly engage in the underwriting and distribution of investment securities.

In addition to Mr. Barry, who is Chairman, members of the new committee are:

Albert H. Gordon, Kidder, Peabody & Co.; Benjamin D. Mosser, Clark, Dodge & Co.; Ranald H. Macdonald, Dominick & Dominick; Stuart R. Reed, Jackson & Curtis; Benjamin D. Williams, Jr., W. E. Hutton & Co.; Laurence M. Marks, Laurence M. Marks & Co.; Claude W. Wilhide, Baker, Watts & Co. (Baltimore); and Ralph Chapman, Farwell, Chapman & Co. (Chicago).

At their organization meeting, members of the Investment Banking Committee met will Emil Schram, President of the Stock Exchange, to discuss their proposed activities. Mr. Barry emphasized that the committee would concern itself only with investment banking and distributing problems that are peculiar to Stock Exchange member firms and will not attempt to duplicate the work being done by the Investment Bankers Association or other similar organized groups.

L. Turnure & Company Celebrates 110th Year

Lawrence Turnure & Co., one of the oldest member firms of the New York Stock Exchange, is celebrating the 110th anniversary of its founding. The firm was originally established by Moses Taylor in 1832 under his own name. In 1849, Mr. Taylor formed a partnership with Percy R. Pyne, and in 1851 Lawrence Turnure was admitted as a partner. Later, Mr. Taylor became President of the National City Bank, but the firm kept his name until 1889, when it took its present name.

Present partners of the firm include Lawrence Turnure, a grandson of the original partner, John Kerr, William T. Veit, Gerard L. Pears, member of the New York Stock Exchange, and Ralph H. Hubbard, also a member of the New York Stock Exchange.

In its early days the firm was active in financing foreign trade, particularly with the West Indies, and owned a large fleet of vessels. The firm was reorganized in 1935 when it went into the brokerage business, following the enactment of the Banking Act of 1934. It has always been closely identified with Cuba and sugar interests there.

Humphries Principals Join Smith, Hague Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—Norman D. Humphries, Kent L. MacGregor and Ruth E. Stevens have become associated with Smith, Hague & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Humphries and Mr. MacGregor were formerly partners in Humphries, Angstrom & Co. with which Miss Stevens, who is well known as one of the few women traders in the investment business, and also for her poetry, was also associated as manager of the real estate bond department.

Mark M. Balmer, Roswell C. Bogue, John E. Doherty, Jr., John Duff, 5th, Louis C. Garrison, 2nd, Ray I. Waller and LaVerne A. Weickgenant, all previously with Humphries, Angstrom & Co., have also joined the Smith, Hague & Co. staff.

Kebbon, McCormick Co. To Be NYSE Members

CHICAGO, ILL.—With the acquisition of the New York Stock Exchange membership of Oliver D. Filley by L. Raymond Billett, Kebbon, McCormick & Co., 231 South La Salle Street. will add membership in the New York Exchange to the membership which they already hold on the Chicago Exchange. Kebbon, McCormick & Co. was recently formed as successors to Stern, Wampler & Co., Inc.

Weck In New Quarters

The offices of Albert H. Weck Co. have been removed to 60 Wall Street, New York City.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**Grady G. Thomas** has joined the staff of **McAlister, Smith & Pate, Inc.**, Johnston Building.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**John Harper Ashum**, previously with Mason, Moran & Co., is now with **Thompson Ross Securities Co.**, 39 South La Salle St.

(Special to The Financial Chronicle)

FT. WAYNE, IND.—**James A. Mohler** has joined the staff of **Leonard J. Fertig & Co.**, Berry at Court St.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — **J. Wilber Warner**, formerly with Bradbury Ames Co. and Moore and Clayson, has become affiliated with **McDonald, Moore & Hayes, Inc.**, Michigan National Bank Building.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — **Earl Addison Taylor, Jr.**, is now with **Thomson & McKinnon**, 120 East Berry St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Robert Preston Davis**, formerly with Blyth & Co., Inc., and **Celeste M. Venne** have become associated with **Bateman, Eichler & Co.**, 453 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Kenneth C. Cameron**, previously with Wyeth, Hass & Co., has become connected with **J. A. Hogle & Co.**, 532 West Sixth St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **George A. Coulter** is now with **Pacific Company of California**, 623 South Hope St. Mr. Coulter was previously with J. A. Hogle & Co. and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Bernard L. Donaghu** has become associated with **William R. Staats Co.**, 640 South Spring St. Mr. Donaghu was previously for a number of years with M. H. Lewis & Co., as manager of their Whittier, Calif., office.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Gordon W. Brayley**, formerly with Bankamerica Company, has been added to the staff of **Franklin Wulff & Co., Inc.**, Bank of America Building.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Albert S. Fish** has become connected with **Guaranty Underwriters, Inc.**, 138 Shoreland Arcade.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — **Fred E. Talbot**, formerly with Wells-Dickey Company, Chrest & Company, and Harold E. Wood & Co., has become associated with **J. P. Arms & Co.**, Rand Tower.

MINNEAPOLIS, MINN.—**Joseph W. Farr**, for many years with Wells-Dickey Company, has become affiliated with **Piper, Jaffray & Hopwood**, 115 South Seventh St.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Hubert H. Hevey** is now with **Guaranty Underwriters, Inc.**, 24 Wall St.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Samuel E. Fleischmann** is now connected with **Fridman, Brokaw & Samish**, 711 Saint Charles St.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Seymour B. Gall**, formerly with Slayton & Co., Inc., has become associated with **Edward D. Jones & Co.**, 705 Olive St.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Paul Sacks**, previously with Glaser, Vogel & Co. and Louis W. Ochs & Associates, is now affiliated with **Slayton & Co., Inc.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Robert A. Waddell** has become connected with **Stifel, Nicolaus & Co., Inc.**, 314 North Broadway. Mr. Waddell was formerly with Reinholdt & Gardner.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**O. E. Wasser** is now associated with the staff of **W. H. Heagerty & Co.**, Florida Theatre Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Glen E. Gilpin**, formerly with E. F. Hutton & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, San Diego Trust & Savings Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Anna C. Flett**, formerly with Edgerton, Bourne & Co., has been added to the staff of **Hammill & Company**, Russ Building.

(Special to The Financial Chronicle)

TERRE HAUTE, IND.—**Fred A. Lane** is now with **D. Russ Wood & Co.**, National Building. Mr. Lane was formerly connected with Fred J. Sharp of Indianapolis.

Cement Co. Attractive

An interesting memorandum has just been issued by Hartley Rogers & Company, 1411 Fourth Avenue Building, Seattle, Washington, giving comparative earnings per share, and dividends, on Class A and Class B stock of Superior Portland Cement, Inc. Also a brief comparative balance sheet is given, showing 1941 figures well ahead of 1940. Copies of the memorandum may be had upon request from Hartley Rogers & Co.

A-B-C Of Oil Royalties

An attractive booklet has just been issued by Schappert-Teden-Blumer, Inc., 2 Rector Street, New York City, entitled "The A-B-C of Oil Royalties." The booklet presents in simple form the answers to questions about oil royalties—what an oil royalty is, what landownership includes, oil leases, costs, income, etc. Copies of the booklet which should prove most interesting may be had upon request from Schappert-Teden-Blumer, Inc.

Tomorrow's Markets Walter Whyte Says—

Market still in down doldrums. Cheerless war news, taxes and lack of Congressional unity responsible. New taxes discussed. Investments and speculations need new study.

By WALTER WHYTE

The same tiresome pattern the market seems to have set for itself continues to persist. One day's strength, rare these days, is followed by either immediate decline or, at best, extreme dullness. Frequently both. Occasionally some stock asserting commendable independence manages to poke it's nose up above the pack. But seldom does this display of rugged individualism spread to the rest of the market or prove strong enough itself to carry over into the next day's market session. For even if any technical basis for sustained strength existed, the news from the South Pacific would be against it.

* * *

Certainly no one, even a confirmed optimist, can find anything in the daily headlines to cheer about. The only bright spot is the way the war is going between Russia and Germany. But even about that, there are people here so confused that they don't know whether to shudder at the Communist menace or to be pleased at the Nazi defeats.

* * *

Last week we had a rally. From the looks of it, it seemed to be based on relief that the long pending tax proposals were at last made public. A rally such as that is seldom to be trusted, a condition pointed out in last week's column. Well, you know what happened since. I need not waste space telling you about it.

* * *

Here at home we are up against two things. The first is disturbing. The second we can do little about. Congress is the first. Taxes is the second.

* * *

A talky-talk Congress, which seems much more concerned in re-electing itself by stifling public criticism, is going on it's windy way apparently more interested in impressing electorates back home, than in a united effort to win the war. It is to be hoped that the deadly parallel drawn between what happened in France before it's collapse and what is happening here, will not be lost on an oratorical Congress.

Where taxes are concerned, most of us are having a tough enough time paying present ones. Still, Wall Street is for anything that will help win the war; even bigger taxes. The Treasury proposals, however, bring up problems readers of this column might well give thought to. For while the probability exists that the final tax law may differ from the Treasury proposals, old investment and speculative programs should be re-aligned on the theory that final enactment will be close to original Treasury proposals.

* * *

It is obvious that surtaxes will hit many industries and many companies. The non-war industries will have a tough time in keeping sales and profits up to previous levels. Even if sales do stay up, profits may get into the higher surtax brackets. Such companies will have to cut their dividends particularly if their working capital is not large. You can even go further than that. If a company's tax reserve is close to its cash position, you'd better get rid of the stock.

* * *

Holding companies are also in the suspect list, particularly where they own subsidiaries having large preferreds out. Just take a look at some of the preferred stocks today and already you will see what is happening.

* * *

The proposal has been made, that capital losses shall not be deductible from operating income. If this becames part of the tax law, it will hit many companies. Certainly Chesapeak & Ohio could not have shown such a good 1941 statement if it did not deduct it's Erie losses. True, it may work another way too. Large holders of second grades where selling for tax purposes was heavy may hold back.

* * *

One thing stands out in the tax bill. More and more interest will develop in second grade bonds, rail and industrial. For even if surtaxes hit common stock earnings, bond interest comes ahead of taxes. And as income applicable to bond interest increases, so will the value of these securities.

* * *

Market commentators are beginning to say that present low prices are discounting

(Continued on Page 1036)

RAILROAD SECURITIES

While the freight rate increases granted by the Interstate Commerce Commission had little effect on the rail market, the Treasury's tax proposal which followed almost immediately thereafter did throw the spotlight on the carrier group. In the stock list the tax proposals brought a rapid reappraisal of individual securities. The rails as a whole will naturally feel the effects of the higher surtax but there are few that fall into the excess profits tax brackets. The list, therefore, held steadier than did the general run of utilities and industrials even though the higher freight rates did not bring in any new buying. Also, there was a marked tendency to switch out of the few roads (mainly the Pocahontas coal roads) which are in the excess profits tax range, and where dividends are consequently threatened, into such roads as Atchison and Great Northern where dividends are considered safe even if the drastic tax proposals are passed without change.

Whereas the reaction of the stock list was negative and confined mainly to an appraisal of the relative impact of these two new influences (tax increases and selective freight rate adjustments) on individual securities within the group, the action of the reorganization rail bonds was highly significant as an acceleration of a basic investment trend advocated by many railroad analysts for the last year or more. The defaulted list again pushed forward into new high ground on a broad front and on heavy volume. It was also notable that the greatest interest centered around those issues which were selling lowest in relation to the face value of new mortgage bonds they are to receive under pending reorganization plans. It is obvious that the public is finally coming to a fuller realization of the tax-sheltered nature of this type of security.

Regardless of what may come it is considered almost certain that interest will continue as a deduction before arriving at taxable income. Annual interest on bonds to be received runs to 10%, or more, in many instances on market prices of the old bonds, and this return is based on a drastically reduced, and highly conservative, capitalization. In addition to its tax sheltered position, therefore, this income is also considered relatively impervious to a possible post-war deflation.

Investors in industrial stocks, utility preferreds, etc., who have been dependent on dividend income to cover living expenses can now visualize the growing threat to that income at a time when the expenses themselves are mounting. They are literally being forced into the reorganization rail group and this trend will logically be accentuated as the expenses of war increase. At the same time, these reorganization rails have been showing wide improvement in earnings, and cash balances have been mounting. With properties in good physical condition there is nothing to do with this cash but pass it along to security holders.

Interest payments on defaulted bonds increased sharply last year and it is believed that few roads in the group will fail to make disbursements in 1942, and many at a higher rate than in 1941. The

prospect that one need no longer wait for actual consummation of a reorganization plan to receive interest emphasizes the attractive position of this type of security in the present phase.

There has been little discussion of the probable influence of the new tax proposals on second grade, interest paying, railroad bonds. Obviously, this group is also tax sheltered, and yields in many cases are very liberal. Nevertheless, no particular buying wave has been noted. Investors are concerned over the possibility that bank liquidation may again place an effective ceiling on prices. However, it is entirely possible that if the Treasury's suggestions are followed this ceiling may be raised materially. It is proposed that long term capital losses shall no longer be allowed as a deduction from operating income.

One important reason for bank liquidation in the past has been the establishment of tax losses; they have been allowed a credit of 100% of the loss. Thus, a bank which had purchased Central 5s, 2013 at 95 and sold them at 50 established a loss of 45 points. At the old income tax and surtax rates of 31% the tax saving made possible by the sale amounted to $139.50 per $1,000 bond sold. Thus, effectively, the institution was getting a price of around 64 for a bond sold at 50. This reasoning will no longer apply if the capital loss credit is eliminated.

Fate of this feature of the tax bill should be followed closely as it may also lead to exactly the opposite end. If the capital loss credit is retained, and the aggregate of the normal tax and surtax is raised to 55%, the tax saving potentialities to the institutions would be widened. The effective price of a bond bought at 95 and sold at 50 would be raised to 75¾ by the increase in the tax rate.

Railroads Attractive

Railroads will show continued satisfactory earnings, according to the current issue of Strauss Bros. "Bulletin" "This war has driven home to the public in no uncertain manner," continues the "Bulletin" "that the over-capacity of our railroads has not only prevented unreasonable discomfort, but is a vital factor in the smooth and steady shipment of men and materials for war purposes, that might otherwise be seriously dislocated by the probable decrease in truck output. Post-war planning will have to take into account the upkeep of these additional facilities, which may not otherwise be necessary for normal purposes. To the extent that the railroads can reduce the cost of maintenance of such excess facilities by substantial retirement of debt, to that extent will the necessity for public support be obviated.

"It is therefore to the public advantage to have the railroads receive sufficient earning power to pursue such a policy, and we expect that railroads will show continued satisfactory earnings."

Copies of the "Bulletin" may be had upon request from Strauss Bros., 32 Broadway, New York City.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—38⅛, low—14¾, last—37⅝.

Bank and Insurance Stocks

This Week — Bank Stocks

Reduction in dividend rate by a leading bank, together with recommendation by the Treasury that surtax rate be increased from 7% to 31%, have touched off a sharp decline in the bank stock market, and serve to raise again the issue of certainty of current bank dividends.

On March 3, Secretary Morgenthau recommended the increase in surtax rate to Congress. After the market close that day, it was announced that Bankers Trust Co.'s quarterly dividend was 35 cents per share, compared to 50 cents previously. The next day, bank stocks declined over 6% to a new 1942 low and the lowest levels since 1932. Since the general market (Dow Jones 65-stock average) declined only 1% on the 4th, not having yet fully reacted to the proposed taxes, the difference would be accounted for by the uncertainty created over bank dividends.

Contributing to the bank stock market's surprise was the general expectation that reductions in dividends, if any, would be more likely to occur for the second quarter of 1942, after the new taxes would be definitely known. In some bank quarters, for example, it is hoped that Congress will temper somewhat the sharp increase proposed in the surtax.

In most quarters, the Bankers Trust dividend rate of $2 was regarded as covered better than average, as the dividend was only 64% of 1941 net profits, compared to average of 70%. This 64% ratio is the same for Central Hanover Bank & Trust Co., which declared its regular dividend on the same day that Bankers Trust reduced their dividend 30%.

Thus, the certainty of the Bankers Trust $2 dividend could not be judged by indicated earnings alone. Nor could it be judged by the leverage ratios, for Central Hanover at the close of 1941 had higher ratios than Bankers Trust of deposits and earning assets to capital funds. True, there was a "dictum" by the President of Bankers Trust at the annual stockholders' meeting that if taxes for 1942 should impair the 60% ratio of dividends to earnings, stockholders in his opinion would not mind a reduction in the dividend—but that would seem to imply awaiting what the new taxes would be. Hence, the unsettling effect on the bank stock market.

The reasons announced for the Bankers Trust reduction are likely to be repeated by any other banks that might reduce dividends, and should therefore be analyzed: (1) Higher taxes; (2) Necessity for building up capital funds.

If the new surtax rate is legislated at the recommended 31% level, there is no doubt that banks will be hit harder by Federal taxes than they have ever been in modern times. Such a tax will bear heavily on the income from partially exempt Government securities issued prior to March 1, 1941. According to best available figures, about 63% of total Governments held by commercial banks June 30, 1940, were partially tax exempt. As the supply of totally exempt issues is reduced, therefore, income from Government securities will be taxable at a rate higher than the normal tax rate, which is left at 24%.

In addition, the Treasury recommends taxing State and municipal issues now exempt, a proposal considered less likely to pass.

Some favorable angles to the tax situation, nevertheless, exist for the banks: (1) Invested capital credit for excess profits taxes is kept at 8% on the first $5,000,000 and 7% on the balance, which would continue to give the larger banks a high excess profits credit; (2) The Treasury proposes to tax income from partially exempt securities on the basis of yield, rather than on basis of income (coupon rate); (3) Banks will continue to be permitted to deduct all expenses from taxable income, rather than first feared restriction of deducting only expenses incurred in obtaining the taxable income.

If we regard all of Bankers Trust Company's Government securities Dec. 31, 1941, as subject to surtax, and figure the 1.07% 1941 return on them, resulting income of $6,266,000 would be subject to $439,000 surtax on 7% basis and $1,942,000 on 31% basis, an increase of 60 cents per share. This would be equal to the reduction in the annual dividend rate, and would bring 1941 "bread and butter" of $3.19 per share down to $2.59 per share, on which the old $2 dividend rate would still be 77% of profits. It would seem, however, that part of these increased taxes could be made up by Bankers Trust—(1) by volume expansion in earning assets (especially war financing); (2) by lengthening of maturities involved in taking war bonds, which would involve both lower amortization and better yield.

As to strengthening of capital funds, Bankers Trust as of Dec. 31, 1941, had capital funds of 10.9% of earning assets and 8% of deposits, capital funds being 19% of holdings of Government securities alone. Even assuming a 10% increase in net profits for each of the next four years, and giving effect to present reduced dividend rate, capital funds at the end of four years would be $132,000,000, or still eight times earning assets and ten times deposits at present—not allowing for undoubtedly large expansion in Governments to come. It does not appear, therefore, that "ploughing back" a larger proportion of earnings by reducing dividends would result in any material strengthening of capital funds.

Rather than reduce dividends, it would seem more effective to take RFC capital to strengthen capital funds. Stockholders would object less to such a move, for it would solve the leverage problem without necessarily reducing dividends. The other way, stockholders suffer reduction in dividend for no solution of the leverage problem.

Of course, some individual stockholders having independent means would not particularly mind the reduction in dividend, for it might mean a lower surtax bracket for them involving a tax saving; while on the other hand the ploughed back earnings are left in the equity and would be available in the future at a time of possibly lower taxes.

Bank stocks, however, if they ever did, have ceased to sell on primarily a book value basis. This can be confirmed by the numerous prevailing discounts of highly liquid, conservatively stated book values. Earnings and dividends, as in every other type of security, must be the primary determinants of market value. Since a basic appeal of bank stocks has been their stability of dividend rates, it would seem that every effort should be made to maintain dividend rates where current earnings justify. Especially so, in consideration of smaller stockholders dependent on income and institutional investors, particularly insurance companies, which are allowed a tax credit of up to 85% of adjusted net income from corporate dividends.

Whatever the pros and cons of the Bankers Trust dividend reduction, however, stockholders, investors and dealers must reckon with its possibly influencing other banks to cut dividends who follow the same line of reasoning, although the Bankers Trust reduction has been the only dividend casualty thus far in the first quarter dividend meetings.

Avery Must Dissolve

Avery & Co., New York City, has been ordered to dissolve as a New York Curb Exchange firm by Governors of the Exchange, and Clarence B. Rogers and John M. Jones, partners, have been suspended from membership in the Curb for 18 and six months, respectively, following charges that the firm had bought stock from one of its customers, reselling it immediately in another market without giving the customer the benefit of that better market. The Curb declared that Messrs. Rogers and Jones must take responsibility for the action of their firm, although themselves ignorant of the deal, which concerned 60 shares of Quaker Oats bought on the New York Curb and resold on the Chicago Stock Exchange on Dec. 18th. The firm, it was also alleged, had charged commissions in transactions where it had supplied the stock on a net basis.

C. F. Avery, partner in the firm, stated that the trouble had arisen from an arbitrage wire to Chicago and Detroit, operated by Earl Hooper, who retired from partnership after the charges were brought before the Curb. The arbitrage wire, Mr. Avery stated, had been operated by Mr. Hooper himself, buying and selling whenever he saw a chance for profit, without reference to the commission business which Avery & Co. were handling for other brokerage houses; he declared that only five times in six months had such an arbitrage deal met a commission deal in spite of the fact that the commission orders of the firm, which acted as brokers for brokers, were placed all over the floor, adding that the Curb had investigated the arbitrage account two years ago but without taking action or giving warnings. The present case was opened, he asserted, on the complaint of a Chicago house to the SEC which referred the matter to the Curb Exchange on finding that none of its statutes had been violated.

53 Guilty, 2 Freed

Fifty-three persons were found guilty in United States District Court on charges of a $10,000,000 mail fraud in oil securities in a trial which began last Aug. 4th, and two defendants were acquitted.

Those acquitted of the charges were Anton Homsey, of du Pont, Homsey Co., Boston, Mass., and Nathaniel Jones, a Boston security broker.

Among those found guilty of the charges were: Joseph Cohen, President of Underwriters' Group, Inc.; Bertram Wachte of Boston; Mandel Raffe, President of Surety Investment and Finance Co.; Arthur L. Brody, Richard Coshnear, Maurice A. Levine, John H. Gordon, Joel Rosenberg, Nathen Rosenfield, Samuel Mayers, N. E. Rogoff, Nathan Goodman, Philip Smith, Samuel Cohen, William Furst, Louis E. Brown, Russell B. Clark, Maurice Freeman, Louis E. Jacobs, Benjamin J. Parker, Morris A. Sarshik, William Domroe, Max Strahl, Maurice Seidler, Jerome H. Pomeroy and Samuel B. Raitman. The Government's chief witness was Samuel Mussman, one of the defendants, who pleaded guilty. David Gallant was let off without penalty on the recommendation of Richard Delafield, Assistant U. S. Attorney in charge of prosecution, as he had recently undergone an operation for a brain injury.

Bond Club of Denver Bowling League Returns

DENVER, COLO.—The Bowling League of the Bond Club of Denver announces the scores for the fifth week of the meets:

	Won	Lost	Pct.
Roystones	16	2	.889
Odd-Lots	14	4	.778
Municipals	9	9	.500
Corporates	8	10	.444
Over-the-Counters	7	11	.389
Preferreds	7	11	.389
Dividends	6	12	.333
Investment Trusts	5	13	.278

The Roystones are captained by Leon Macart, Municipals by Norman Godbe of Geo. W. Vallery & Co., Odd-Lots, by Jerry Ryan Peters, Writer & Christensen, Preferreds by Hal Myers, Corporates by Bernard Kennedy, Bosworth, Chanute, Loughridge & Co., Over-the-Counter by Lewis Nance, Brown, Schlessman, Owen & Co., Investment Trusts by Chan Lilly, and Dividends by Smith.

High team series is held by the Odd-Lots; high team game by the Municipals; high individual series by Ernie Stone with a score of 587; high individual game by Chan Lilly with a score of 237.

Clarence Dillon Named To Navy League Board

Clarence Dillon, President of Dillon, Read & Co., New York investment bankers, and Chairman of the National Citizens Committee of the Navy Relief Society, has been appointed a director of the Navy League of the United States, it is announced. Mr. Dillon will head the campaign to raise five million dollars for the Navy Relief Society. The Navy League, founded in 1902 to promote more general interest in and knowledge of the United States Navy, is conducting a membership drive in line with its expanded war-time program.

J. McCole & I. Ross Are Now With W. E. Hutton

James A. McCole and Irwin G. Ross have become associated with the investment department of W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges. Mr. McCole was formerly representative of the Anglo-California National Bank of San Francisco. Mr. Ross was formerly with H. C. Wainwright & Co. and Eastman, Dillon & Co.

Split-Commissions Favor Broker, Dealer

(Continued From First Page)

"And that they must charge the full Stock Exchange rates to customers," he added. "Let's see how such a scale could be worked out," he said, taking up a pencil. "There should be definite rates rather than percentages of commissions. Something along this line," and he jotted down the following figures:

	Stock Exchange Rates	Suggested Over-the-Counter Dealer Rates
From $10 to $19⅞	14c. per sh.	9c. per sh.
From $20 to $29⅞	15c. per sh.	10c. per sh.
From $30 to $39⅞	16c. per sh.	11c. per sh.
From $40 to $49⅞	17c. per sh.	11c. per sh.

"On prices running from $10 to $39⅞ the discount would be 5 cents per share. From $40 to $69⅞ the discount could be 6 cents per share. Other rates should be comparable, with no minimum commission."

He carefully placed the pencil at an exact right angle to a small bronze bull on his desk. "It might be workable, at that," he concluded.

Remick Enters Army

The Board of Governors of the New York Stock Exchange on March 5 accepted, with regret, the resignation of J. Gould Remick as a Governor of the Exchange. Mr. Remick, who will continue as a partner of Evans, Stillman & Co., is entering the United States Army, which he also served in the previous war, as a Major in the Ordnance Department.

Mr. Remick has been a Governor of the Exchange since 1939, and, since 1930, a Governor, Vice-President and President, respectively, of the Association of Stock Exchange Firms. The reorganization of the Association into a nation-wide trade body, last year, was carried out under Mr. Remick's direction, during his presidency.

The Securities Salesman's Corner

PORTFOLIO SUPERVISION IN A DECLINING MARKET

Last week we discussed the problem of the obstinate investor who insisted upon compelling a salesman to sell him the kind of securities he wished to buy. One of the closest cousins to this type of securities buyer is also the fellow, who once he has bought anything, holds on to it like grim death. He says, "I buy for investment. I put 'em away in the lockbox." Believe it or not, one would think that after all the lessons of the past decade, that most of these lock-box hoarders would be almost extinct—but they are still very much alive. Far too many of them.

Now it is just plain common sense that such a policy pursued over any protracted period of time will be ruinous to any investment program. "Take the weeds out of the garden before they destroy the garden." To which might be added, "and the gardener, too." It is essential that a salesman's clients remain solvent. It is to the salesman's own selfish interest, if for no other reason, to see to it that destructive losses are avoided. Losses are a legitimate expectation if one is handling any volume of securities—just as much as profits are also to be realized and collected. But ruinous losses must be avoided and one way to avoid them is to sell out weak situations whenever they can be discovered. To hold on when prudence and common sense dictate otherwise is an invitation to disaster.

It is difficult enough during periods of relatively stable market conditions to convince such an individual that a certain security should be sold. The task becomes even more formidable when we have been faced with conditions that have prevailed during the past three years of almost continuously declining markets. And yet, it is more important today to eliminate securities of companies where the entire future is "blacked out" by conditions that are changing almost over night, than it ever was before.

Here again, there does not seem to be any set formula which can be used as a persuader when a salesman comes up against the "refusal to take losses." At least there has been no method we have ever discovered by which such an individual can be moved to taking action when his mind is set against it. Sometimes one thing works and then another. Tactfulness, just as it helps with the "investor who thinks he knows it all," is certainly of assistance at times like this.

Another method is the slow process of education. Sending clippings from current trade papers, financial publications, and the press, which deal with the things that effect the value and earning power of a specific business are likewise of assistance in such an educational campaign. There were several such investors on one salesman's list, whom we know, and every time he wrote to them he put this P. S. on their letters — "The only thing that doesn't *change* is *change* itself."

Then again, we once knew a salesman who used to say, "Mr. Jones, this is the kind of an investment that if it goes down 10 points, you should buy another hundred shares." At the time he was suggesting the purchase of a certain security, he was already conditioning his clients mind so that he would accept a possible depreciation in its market value. Later, if indications warranted that certain securities should be sold, he could then suggest that more of the original purchase should be substituted in its stead. In periods like the present when the entire market has been in a steady decline, substitution of a sound security for one that has been weakened, can sometimes be accomplished by use of this novel method of salesmanship. If the investor can be shown that the decline in market value has affected both the securities in question sometimes he may not be so loathe to make the necessary change in his holdings.

Unfortunately, there is very little connection between intelligence based upon reasoning power plus a sound interpretation of fact and the crude impulses of the emotions. A successful securities salesman, we think, must not alone have the knowledge at his command which will enable him to guide his clients along the road of sound investment procedure, but he must also understand the emotions of the people with whom he does business. That is why we must guide and lead. That is why it is necessary to "sell." But selling securities is more than selling almost any other product or service. Successful securities salesmanship entails a combination, of investment analyst, psychologist, family doctor, counsellor on marital relations, educator on politics and current events and in some cases, even becoming the family budget director.

This is why a securities man has to sit up nights thinking out ways to get people to do things which they don't want to do—but if they do them, they will be better off than if they had not done so. That is the way it must be if a salesman is to stay in this business. Otherwise, he will have no customers and no business.

Our Reporter's Report

(Continued from first page)

line, which put through a debt modification plan some months ago, have moved ahead anywhere from 5 to 9 points since the start of the year.

Now it develops that the board of directors, meeting next Wednesday, are expected to authorize payment of secured and unsecured contingent interest approximating $22,000,000.

These payments accumulated under the plan of capital readjustment.

Union Electric Files

Union Electric Company of Missouri, subsidiary of the North American Company, which has under way extensive expansion of its facilities and those of subsidiaries, plans to enter the new capital market for another $10,000,000 before the month-end.

The company has filed registration with the Securities and Exchange Commission covering that amount additional of its 3¾% series of 1971, of which $80,00,000 was marketed last May.

The outstanding bonds, listed on the New York Stock Exchange, are selling currently around 109 and have been above 111. Proceeds will be used to finance current expansion.

Celanese Corp. To File

Although not officially confirmed, report is current that the Celanese Corporation plans to file registration shortly with the Securities and Exchange Commission to cover an issue of $7,500,000 of debentures.

Beyond the expectation that the new issue will carry a conversion privilege there is little in the way of actual detail.

But since the corporation, like most others is now engaged heavily in war work and consequently is finding it necessary to expand facilities, the prospect is that the reported operation will provide funds essential to such undertaking.

Bankers Ask Time

A small issue, but one nevertheless that seems to be getting its share of attention, is that of $3,850,000 first mortgage bonds, due 1967 of the Louisville Transmission Corporation.

The company called for bids to be submitted to it by next Tuesday, but evidently it was decided meanwhile to see what could be done to have the Reconstruction Finance Corporation take the issue.

Reports indicate that the Federal agency was interested if the bonds were sold with a 4% coupon. Now the story is that bankers have asked the company to hold up on the RFC angle and give them a chance to enter a bid.

Selective Buying

Observers in the municipal market find reviving interest in outstanding issues, now that Secretary Morgenthau has quite definitely laid the ghost of his proposal to make such issues subject to Federal taxation.

Dealers report a growing inquiry for specific maturities, with issues having about eight to ten years to run meeting with good demand. The only trouble seems to be that those who have them won't let go. Accordingly it is difficult to do business.

There is nothing to indicate any early revival in the new issue market for municipals, but with the absence of such material dealers find accumulated bonds moving out rather well.

Purcell Will Address N. Y. Dealers Dinner

(Continued From First Page)

charge of the dinner are: John F. Sammon, Chairman, J. F. Sammon & Co.; Robert Strauss, Vice-Chairman, Strauss Bros.; Harold Allen, Allen & Co.; Walter E. Bachman, E. H. Gibb & Co.; James Currie, Jr., Hoit, Rose & Troster; Frederick D. Gearhart, Jr., Kobbe, Gearhart & Co., Inc.; Leo J. Goldwater, L. J. Goldwater & Co., Inc.; Irving A. Greene, Greene & Co.; S. Wellmer Hanson, Hanson & Hanson; Wellington Hunter, Hunter & Co.; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.; Frederick C. Kraehling, Frederic H. Hatch & Co., Inc.; Hanns E. Kuehner, Joyce, Kuehner & Co.; Joseph B. Lang, J. B. Lang & Co.; Herbert M. May, Herbert M. May & Co.; John F. Reilly, J. F. Reilly & Co.; Stanley L. Roggenburg, Roggenburg & Co.; J. Arthur Warner, J. Arthur Warner & Co.; Melville S. Wien, M. S. Wien & Co.

Curb Clearing Re-Elects

At the annual meeting of the stockholders of the New York Curb Exchange Securities Clearing Corporation held on March 5 Fred C. Moffatt, George P. Rea, and W. Reitze were re-elected directors to serve until the annual meeting in March, 1945. At the regular meeting of the Board of Directors of the Corporation the following officers were re-appointed for the ensuing year:

Fred C. Moffatt, President.

David U. Page, Vice-President.

James A. Corcoran, Second Vice-President.

Howard C. Sykes, Secretary and Treasurer.

Wm. B. Steinhardt, Assistant Treasurer.

C. E. Sheridan, Assistant Secretary.

Austin K. Neftel was elected a member of the Board of Directors to fill an existing vacancy until the annual meeting in March, 1943.

Investment Trusts

Back in the days "before the depression" it was not uncommon for the so-called investment trusts of the time to borrow an advertising trick or two from the insurance field—and they sold. Then came a "Dark Age" when most advertising principles seemed to have been forgotten. Most financial sales leaflets read like the financial pages of a newspaper.

But gradually the "Dark Age" of financial advertising has become less dark as distributors have become more certain of what they can and cannot do under SEC regulations. The investment trusts have been in the forefront in reintroducing sound sales principles to the financial field, and many conservative but effective pieces of sales literature have been produced.

A new pamphlet of a sort that would be useful to the best insurance man has just been released by Hugh W. Long & Co. Here's what they have to say about it:

"The New York Stock Exchange has discarded its straight-laced ideas about advertising. Lately the largest member firm has been responsible for notable contributions in newspaper and printed publicity. Others in both listed and unlisted fields are issuing daily fine examples of business provokers. All testify to excellent results.

"In preparing this new booklet summarizing Manhattan Bond Fund, we have leaned heavily on the experience of some of our most respected and biggest life insurance companies for its style, size, and format.

"The booklet is designed to tell, simply and readably, of the usefulness of Manhattan in solving the investor's fears about declining income and rising taxes—the two most serious obstacles facing the investment business today."

They call it, "An Answer to Today's Two Problems," and identify it as "a brief story of an institution founded for the mutual benefit of large and small investors who are today concerned about a constantly decreasing rate of income available from highest grade investments and also the threats to stock earnings of higher corporate taxation." It's well illustrated, and is written so as to simplify investment questions for the reader rather than to scare him away. The reader won't be left with a bunch of theories that he can't understand anyway. But he will be left with a sound idea of the way in which Manhattan Bond Fund can help with his specific problems.

* * *

Investment Company Briefs

Sales of National Securities Series for the three months ended Feb. 28, 1942, were 42% in excess of the previous three months' period. Judging from sales, Low-Priced Bond Series continued to be the favorite followed by Bond Series, Income Series, and Preferred Stock Series. Substantial business is being obtained by salesmen who are actively engaged in bringing the attractive features of these specific programs to the attention of investors.

* * *

Current "High Points" of National Securities Series:

Series—	Recovery to 1937 High	March 2, 1942, Offering Price	Estimated Annual Rate of Distribution
Bond series	47%	$6.54	6.1%
Low-priced bond series	57%	5.57	7.7%
Pref. stock series	50%	6.37	8.5%
Income series	70%	4.01	8.7%
Low-priced common stock series	279%	2.16	3.7%

* * *

The interesting case of a central New York investor with $70,000 to put in stocks in September, 1938, is told in the latest Calvin Bullock "Bulletin." He had sufficient funds he thought to obtain adequate diversification "on his own" and preferred, as he put it, to "avoid the expenses of an initial premium and continuing management fee."

He purchased 100 share lots of 15 common stocks—all leaders in well-thought of industries—with a total value of $66,287 on Sept. 2, 1938. From that time through December, 1941, the investor received $12,332.50 in dividends from his list. But on Dec. 31, 1941, the list would have netted him, if sold, $37,656.15 after commissions were paid.

Back on Sept. 2, 1938, the investor could have purchased 49,101 shares of Dividend Shares for the same price, within a few cents. From these, over the same period, he would have received $9,869.30 in dividends, or $2,463.20 less than he did from his own list. But on Dec. 31, 1941, the 49,101 shares of Dividend Shares would have realized $47,136.96 if sold at the bid price then prevailing—a net difference in favor of Dividend Shares, principal and income combined, of $7,018.26, or about 10% after all "expenses."

Now Quinn Co.

Quinn Company, 80 Broad Street, New York City, has succeeded to the investment business of Quinn, Smith & Co. Charles J. Quinn, formerly a partner in Quinn, Smith & Co., is sole proprietor of the new firm. It is understood that Donald Smith is devoting himself to the real estate business exclusively.

Municipal News & Notes

In drawing up the huge new tax bill for 1942, Congress discovered that one major revenue source has tapered off considerably and will be more dry as time wears on. That source is the automobile and the network of industries associated with it.

That is because production of automobiles and of trucks for civilian use has stopped, and the sale of new tires and automobiles to the general public prohibited. Reason, of course, is the loss of the far eastern rubber supply and the conversion of the automobile industry to war production.

Aside from the inevitable dislocations which this will cause in the American economy, the decline in tax revenue, both to State and Federal Governments, will be considerable.

The loss of revenue to the Federal Government will have little effect on its spending power, because of its tremendous ability to borrow money.

But that is not the case with State Governments. Unlike the Federal Government, they can borrow money only to the extent that there is some definite setup for paying it back. Moreover, gasoline and motor vehicle revenues, in many instances, make up a large portion of their total tax collections. Thus, a marked decline in these revenues means, for State Governments, a curtailment of services.

In addition, a decline in motor vehicle revenues will make it difficult for some States to meet bond maturities, since they borrowed money in the past with a view of repaying it out of these revenues. The situation may reach a point where several States will find themselves in financial jeopardy.

Indicative of the vital importance of gasoline taxes and motor vehicle license fees to many of the States is the fact that almost half of Arkansas' total State revenue comes from those sources. The same is true of Louisiana. In Missouri and Minnesota, to pick two more States at random, the percentages are somewhat less but they still make up an extremely important segment of the annual receipts of those commonwealths.

Because the highway bonds which they have outstanding usually are not strictly "revenue" bonds and can be serviced out of other funds if need be, the States do not have quite the problem that strictly revenue projects such as Port of New York Authority, Triborough Bridge Authority, Penn Turnpike and similar ventures face since these latter depend almost exclusively on tolls charged users of their bridges, tunnels and highways.

The market for bonds of such projects has shown considerable easiness lately even though it is pointed out that a very sharp decline in gross income could occur before the ability to meet debt service would be even remotely questioned.

I.B.A. Governors Oppose Municipal Taxation

The following is the text of a resolution regarding State and municipal taxation, adopted by the Board of Governors of the Investment Bankers Association of America, at the meeting held in Chicago last week:

Whereas: At all times, and especially in a critical period, it is of paramount importance that the Government promote and maintain a strong spirit of patriotism and unity among all groups of our people and between all units of our Government; and preserve our established form of constitutional government;

Now, Therefore, Be It Resolved by the Board of Governors of the Investment Bankers Association of America that it:

1. Asserts its opposition to any attempt to tax outstanding "tax exempt" securities; such an attempt will shake public confidence in the good faith of the Government and its respect for assurances, pledges and the sanctity of obligations.

2. Is opposed to Federal taxation of future issues of State and municipal securities until and unless authorized by constitutional amendment.

3. Considers as disturbing and detrimental to the financial operations and other interests of the States and their governmental units efforts to gain power over the States by any means other than a constitutional amendment.

A.B.A. Assails Municipal Tax Proposal

The American Bankers Association has also added its voice to those of a number of other groups which have protested against Secretary Morgenthau's proposal to remove the tax exemption on outstanding State and municipal obligations. The view was expressed by A. L. M. Wiggins, second Vice-President of the ABA and Chairman of its Committee on Federal Legislation, at the credit clinic which the Association has been holding. Mr. Wiggins added, however, that the ABA was not opposed to the taxation of all future issues of local, State and Federal securities. "However," he continued, "there is an implied obligation among sovereign governments, State and Federal, that outstanding municipal securities carrying tax free covenants should not be subjected to taxation by either. These views we will present at the proper time to the committees of Congress charged with the responsibility of tax legislation."

Cochran Bill Receives Initial Approval

The House Ways and Means Committee approved last Friday the measure introduced by Representative Cochran of Missouri providing State and local tax exemption for defense work. Spokesmen for various State taxing agencies have opposed this legislation as "fundamentaly wrong." The proponents of the bill maintain it would "relieve the national defense effort of the load of local taxation."

The proposed legislation would exempt the Federal Government from State, territorial and local taxes on the sale, purchase, storage, use or consumption of tangible personal property used in performing defense contracts. It is based on the assumption that the Federal Government pays the taxes to the State either directly or indirectly, if such taxes are imposed upon the contractors.

State Tax Pattern Remains Same Though Revenues Climb

Though total State tax collections rose to a new high of $4,500,000,000 in the fiscal year 1941 8.4% over 1940—the percentage distribution of tax yields shows no major tax had shifted as much as one percentage point, the Federation of Tax Administrators said Tuesday.

Motor fuel and payroll levies for social security revenues each continued to supply slightly more than one-fifth of all State taxes, while general sales and income tax collections rose almost one point—to 12.6 and 9.4% of the total, respectively.

The importance of property taxes in the State tax structure continued its decline of the last several years. In 1941 these taxes accounted for $258,000,000 — 5.7% of total collections. Property taxes in 1940 had represented 6.3% of the total State revenues; 6.6% in 1939; 9.6% in 1938; 24.8% in 1930, and 63.1% in 1915.

Income and general sales tax collections, attaining new highs in 1941 as the national income and retail sales reached record proportions, represented 9.4% and 12.6% of total State collections.

Other tax yields which rose appreciably last year were: tobacco taxes, up 10% to $107,000,000; liquor, up 9% to $274,000,000; and motor fuel, up 8% to $915,000,000.

Minnesota Local Borrowing Curtailed

A report was issued recently by the Minnesota Taxpayers' Association on elimination of nondefense expenditures by local governments in that State. In reviewing statements of the debt status of each municipality and school district listed in the report, there appears to be a general curtailment of borrowing and a special effort is being made to reduce outstanding indebtedness. No new activities are planned and the few projects begun are being deferred.

California On Cash Basis

California redeemed $57,451,912 in warrants recently in a record cash transaction which State Treasurer Charles G. Johnson declared balanced the budget and placed the State government on a cash basis after years of debt.

"This very favorable condition is due to the uptrend in business," said Johnson, "and with its continuance and the practice of economy, should effect a substantial reduction in our present tax levies."

The huge warrant redemption was made possible by the loan of $1,000,000 from special funds which were not being used and which will be reimbursed July 1.

Detroit Refunding Plans Advanced

Schedules for the proposed refunding of upwards of $28,000,000 general obligation bonds of the City of Detroit are said to have been prepared by the Controller's office and presented to the City Finance Committee for approval.

This furtherance of the recently-revived plans for a refunding which should save Detroit taxpayers several hundred thousand dallars to $1,000,000 a year in debt service over the life of the bonds affected, makes the probable date of the sale late this month or shortly after Good Friday, April 3.

It is the hope of city officials, Detroit bondholders and municipal bond men generally, that the "just a little better" tone of the municipal market generally will improve even further between now and bond sale date.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

March 17th

$635,000 Wilmington, N. C.

This city last sold bonds in December, the award going to the Harris Trust & Savings Bank of Chicago, whose bid topped several other competitors for the issue.

March 26th

$901,000 Cleveland, Ohio

Last July this city awarded a larger issue to a syndicate headed by the First National Bank of Chicago. Runner-up in the bidding was Lehman Bros. of New York, and associates.

Additional Suggestions For Exchange Offices

Thirty-three additional names were received at the second meeting of the Nominating Committee of the New York Stock Exchange, held for the purpose of receiving suggestions from members and partners for the positions to be filled at the annual election of the Exchange on May 11. The third meeting will be held on Monday, March 16. The slate of nominees will be posted on April 13.

Latest suggestions received follow:

Chairman: William K. Beckers, Spencer Trask & Co., and Joseph Klingenstein, Wertheim & Co.

Three Governors who shall be members of the Exchange residing and having their principal places of business within the metropolitan area of the city of New York: John A. Cissel, F. P. Ristine & Co.; William B. Haffner, Wilcox & Co.; Frank D. Lackey, Jr., C. E. Welles & Co.; William A. Pidgeon, Jackson & Curtis; Raymond Sprague, Raymond Sprague & Co.; Jacob C. Stone, Asiel & Co., and Richard F. Teichgraeber, Thomson & McKinnon. Harold C. Mayer, Bear, Stern & Co., has withdrawn his name from the list.

Three Governors who shall be allied members or nonmembers residing and having their principal places of business within the metropolitan area of the city of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public: Phillip W. Brown, Smith, Barney & Co.; Gayer G. Dominick, Dominick & Dominick; Edwin A. Fish, Smith, Barney & Co.; Harold P. Goodbody, Goodbody & Co.; Marcus Goodbody, Goodbody & Co.; Leonard A. Hockstader, L. F. Rothschild & Co., and John C. Maxwell, Tucker, Anthony & Co.

Three Governors who shall be members or allied members or non-members of the Exchange residing and having their principal places of business outside of the metropolitan area of the city of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one shall be a member of the Exchange: Paul H. Davis, Paul H. Davis & Co., Chicago; John E. Parker, Auchincloss, Parker & Redpath, Washington; James J. Phelan, Jr., Hornblower & Weeks, Detroit; Max J. Stringer, Watling, Lerchen & Co., Detroit, and Lester Watson, Hayden, Stone & Co., Boston.

Nominating Committee: Three Exchange Members — John I. Dakin, Strassburger & Co., San Francisco; Sydney Lewinson, Sydney Lewinson & Co., Donald M. Lovejoy, McGregor, Irvine & Co.; Coleman B. McGovern, Gude, Winmill & Co., and Clarence Southwood, H. N. Whitney, Goadby & Co.; Two Allied Members—Edwin A. Fish, Smith, Barney & Co.; Ranald H. Macdonald, Dominick & Dominick, and John Courtlandt Maxwell, Tucker, Anthony & Co.

Trustees of the Gratuity Fund —Two Trustees who are members of the Exchange: Thatcher M. Brown, Brown Brothers Harriman & Co.; Richard Pigeon, Estabrook & Co.; John Rutherfurd, at Reynolds, Fish & Co., and John K. Starkweather, Starkweather & Co.

N. Y. Security Analysts To Hear A. Whiteside

The New York Society of Security Analysts announce that Arthur D. Whiteside, President of Dun & Bradstreet, Inc., will be the speaker at their regular luncheon meeting to be held today at the Block Hall Lunch Club, 23 South William Street at 12:30 p.m. Mr. Whiteside will address the society on "My Estimate of the Leading Personalities in Washington — The Men who Created and are Driving the Machinery—What They are Doing—Whither They are Leading Our Post-War World as I See It Now." Mr. Whiteside in 1941 was director of airplane priorities and then of steel priorities in OPM. Price is $1.30 including tip—reservations should be made through Miss Byam of the Office of Dean Langmuir, Chairman of the Program Committee (Bowling Green 9-6375).

The Society announces that Shelby Cullom Davis, formerly Chairman of the Program Committee, is now a member of the Foreign Requirements Board of War Production Board.

Goodbody, Reynolds Branches Are Combined

Reynolds & Co., announce that they will take over the Allentown, Pa., office of Goodbody & Co., and that C. F. Harrison and H. G. McAndrew, formerly with Goodbody & Co., will become associated with Reynolds & Co., with offices in the Americus Hotel Building.

In Pittsfield, Mass., the procedure will be reversed, with Goodbody & Co. taking over the office of Reynolds & Co. F. C. Peach and J. D. Colt 2nd, formerly with Reynolds & Co. will become associated with Goodbody & Co., in the firm's offices in the Berkshire Life Insurance Building.

Street Cashiers To Meet

The Cashiers Association of Wall Street, Inc., will hold its regular spring dinner meeting at the Savarin at 6:15 p.m. on Thursday, March 19, 1942. Honorable Pelham St. George Bissell will address the meeting on "The Work of the Municipal Court" and will include a discussion of actions emanating from the security business. Ralph Jones of E. H. Rollins & Sons Incorporated is Chairman of the Committee in charge of the dinner.

William D. Houser Joins Scherck, Richter Staff

(Special to The Financial Chronicle)

ST. LOUIS, MO.—William D. Houser has become associated with Scherck, Richter Co., Landreth Building, in their sales department. Mr. Houser was formerly with Louis W. Ochs & Associates, Inc., and prior thereto was an officer of Slayton & Co., Inc.

O'Dea A Major

Robert E. O'Dea, Assistant Trust Officer of Chicago Title & Trust Co., has been commissioned Major in the Finance Department of the United States Army. O'Dea serve in the First World War as a 1st Lieutenant with 131st Infantry and saw active service in the AEF.

THE BOND SELECTOR

PRIME VERSUS SPECULATIVE BONDS

Present Distortions in Yields Pose Serious Problems For The Individual Investor

If a gentleman entered your office and stated that he had $10,000 to invest in bonds and requested your opinion on the best method of employing these funds as a long range investment, what advice would you give him? Let's survey the bond market by groups and see what is offered.

Homer & Co., Inc., specialists in high grade bonds, call attention to this problem in their latest "Bond Bulletin." Long term governments can be bought to yield about 2.47%, long term prime utilities to yield 2.75% and long term high grade rails to yield anywhere from 2.75% to 3.10%. What possible advantage lies in buying high grade corporates when the differences in yield between them and governments are of such trifling amounts? Obviously, a decline in Treasury issues over any protracted period will be duplicated in the corporate group and probably to a more serious degree. On the other hand, the governments could themselves decline from a yield of 2.47% to, say, 3.30%, thus involving a real loss of 15 points.

Should the investor with the $10,000 desire to avoid the longest term issues, you can discuss with him the yields available on medium term bonds. In the six to seven year category, he will find governments yielding 1.75% to 1.90%, best grade utilities yielding 1.90% and prime rails to yield between 2.06% and 2.25%. Here, again, he finds that the available differences in yields between governments and corporates are not worth the risks involved. Both in the long term and medium term groups, he finds that the best media for placing his $10,000 are governments, either the longest terms at 2.47% or the six to seven year maturities to yield up to 1.90%.

Further investigation opens up the possibilities in securing moderately better yields in certain corporate bonds such as those selling slightly above call or those which are definitely less than prime quality. As yields rise, risks increase and plainly the risks in such situations are not worth the small added income to maturity.

Finally, you show this prospective bond investor the available yields on junior railroad issues which are running roughly between 4½% and 10%. Of all departments of the bond market, this one is more distorted so far as values are concerned than any other, since a good many of the issues selling to yield 8% are fundamentally as good as many of those yielding 4½%.

By the time the field has been combed pretty carefully, his mental arithmetic has probably figured as follows: If $10,000 is placed in long term governments at 2½%, the annual income will be $250. The same amount in second-grade rails at 8% will return $800 annually, or a difference in annual yield of $550. Obviously elementary! But if this difference in annual yield is applied over a ten-year period it amounts to $5,500, or 55% of the original $10,000 investment. Consequently, if this man's loss over the same ten-year period through market declines or interest defaults is no greater than 55%, his results are the same as though he had invested his entire $10,000 in governments in the first place.

As Homer & Co. points out, these are enormous differences in yields and they represent an untrue appraisal of values. Why should this man buy prime long term corporate bonds when they net him only 0.30% or 0.60% more than governments of comparable maturity? Or why buy six or seven year utilities which yield only 1.90% when governments of these maturities offer the same return.

The alternatives appear to be either to buy long or medium term governments which yield far more than they should in comparison with corporates, or to buy carefully selected high yielding junior railroad issues. To find the answers to the puzzling discrepancies between yields of various departments of the bond market, the individual investor would have to spend a great deal of time studying legal requirements of institutional investors and the psychology of individual investors like himself over the past ten years.

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers have been made with the Securities and Exchange Commission on the dates indicated:

Feb. 4, 1942—Investment Supervisors, Inc., 227 United States National Bank Building, Denver, Colo., John L. Garrison, Karl W. DuBois, and Maurice E. Domer, officers; W. H. West, Valley Falls, Kansas, sole proprietorship; F. H. Winter & Co., 111 Broadway, New York, N. Y., Frank Harold Winter, formerly proprietor, and Harry Flackman, partners.

Feb. 6, 1942—Gray Perry, 49 Wall Street, New York City, a sole proprietorship.

Feb. 9, 1942—J. R. Vinson & Co., 411 Union National Bank Building, Little Rock, Ark., James Russell Vinson, formerly President, now sole proprietor, L. S. Vinson having withdrawn as an officer.

Feb. 10, 1942—Louis L. Rogers Company, 76 William Street, New York, N. Y., Louis L. Rogers, sole proprietor.

Feb. 11, 1942—Daniel Pollock, 29 Broadway, New York, N. Y., a sole proprietorship.

Feb. 12, 1942—Fitzmaurice & Werner, 50 Broadway, New York, N. Y., Edward Alexander Werner, sole proprietor, H. W. Fitzmaurice having withdrawn as a partner; Laredo Brokerage Co., 311 Sames-Moore Building, Laredo, Tex., Morton S. Leishman, formerly proprietor, Erich Koenig, Francis C. Mann, and Frank Clark, officers.

Form Adams-Fastnow Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Adams-Fastnow Company has been formed with offices at 215 West 7th Street, by Wilbur V. Adams and William C. Fastnow, to act as brokers and dealers. Mr. Adams was formerly a partner in the dissolved firm of Adams-Chadwick Company. Mr. Fastnow for many years was in business for himself as an individual dealer.

James Phelps Wood, manager of the listed department of Adams-Chadwick Company, and Eugene M. Grant will be associated with the new firm.

E. S. Reinthaler Moves

E. S. Reinthaler & Co. has removed its offices to new quarters at 331 Madison Avenue, New York City.

Allied Chemical & Dye Corporation

To the Stockholders:

Herewith are presented the consolidated balance sheet of the Company at the close of business December 31, 1941, and the consolidated income account for the year.

Net income for the year was $21,416,566.

Total business for 1941 exceeded that of the previous year by about 30% and was the largest in the history of the Company. The receipts derived from the sale of the Company's goods to its customers provided the payment of labor, the purchase of materials, the replacement of worn-out tools, the payment of taxes and the wage payment for the use of the tools (assets) to the owners (stockholders). The customers were thus the employers of both the labor and the tools.

The results of the year's operations are set forth in the following short form:

The Company received from operations		$229,998,811
which was disposed of as follows:		
Goods and services purchased from others	$125,634,641	
Replacement of worn-out tools (depreciation and depletion) and contingencies	14,541,366	
Wages and salaries paid to labor	41,442,030	
Taxes	30,263,104	
Wage payment for tools (assets) used by labor to produce operating receipts	18,117,670	
Interest and dividend receipts		3,298,896
Total Receipts		$233,297,707

The Company paid regular dividends of $6.00 per share and a special dividend of $2.00 per share. Total taxes increased 121% over 1940 and were equal to $13.67 per share of stock. Average hourly wage rates at the end of the year were 18% higher than in 1940 and 48% higher than in 1929.

Because of the uncertainties confronting all industry the Company provided out of 1941 income an addition of $3,000,000 to the general contingency reserve.

Gross additions to the property account amounted to $21,681,841. Retirements were $8,483,468. Plant construction included substantially increased capacities for basic products required by the war program. The Company has also undertaken a number of extensive projects at the request and for the account of the Government. It is not expected that the fixed-fees to be received for the construction and operation of these projects will have any important effect on the Company's total net income.

There has been placed upon industry the great responsibility of providing the materials necessary for winning the war and supplying essential civilian needs. This can be accomplished only by the maximum use of all available resources. Our national industrial structure is made up of corporations, each of which is a consolidation of tools of production representing the savings of stockholders. The most efficient and unimpeded operation of these facilities will be required. The management of the Company pledges its utmost efforts towards the accomplishment of the Company's share in this great task

Respectfully submitted,

H. F. ATHERTON, *President.*

Dated, March 5, 1942.

CONSOLIDATED GENERAL BALANCE SHEET— DECEMBER 31, 1941

ASSETS

PROPERTY ACCOUNT		
Real Estate, Plants, Equipment, Mines, etc., at cost		$259,745,353.47
INVESTMENTS		
Sundry Investments at cost or less		37,114,266.58
CURRENT ASSETS		
Cash	$52,797,373.97	
U. S. Government Securities at cost	11,648,906.25	
Marketable Securities at cost	15,276,512.50	
Accounts and Notes Receivable—less Reserves	18,337,950.63	
Inventories at cost or market, whichever is lower	25,643,486.24	
		123,704,229.59
DEFERRED CHARGES		
Prepaid Taxes, Insurance, etc.		1,927,556.61
OTHER ASSETS		
Patents, Processes, Trade Marks, Good-will, etc.		21,305,942.61
Total		$443,797,348.86

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable	$ 5,718,483.67	
U. S. Government Contract Advances	891,980.10	
Wages Accrued	693,884.76	
Taxes Accrued	27,111,567.97	
		$ 34,415,916.50
RESERVES		
Depreciation, Obsolescence, etc.	$175,396,581.15	
Investments and Securities	40,000,000.00	
General Contingencies	13,413,115.67	
Insurance	2,464,853.61	
Sundry	2,241,487.00	
		233,516,037.43
CAPITAL STOCK AND SURPLUS		
Common Stock, without par value, basis $5. per Share Issued 2,401,288 Shares	$ 12,006,440.00	
Capital Surplus	101,037,235.00	
Further Surplus	88,659,020.41	
Total Capital Stock and Surplus	$201,702,695.41	
Deduct Treasury Stock	25,837,300.48	
		175,865,394.93
Total		$443,797,348.86

U. S. Government Securities had a market value at December 31, 1941, of $12,043,356. Marketable Securities consisting of 150,500 shares of common stock of the United States Steel Corporation and 270,000 shares of capital stock of the Air Reduction Company, Inc., listed on the New York Stock Exchange, had a market value at December 31, 1941, of $17,921,688. Treasury Stock consists of 187,189 shares of common stock carried at cost.
Further Surplus consists of $67,037,175 earned surplus accrued to the Company since its organization and $21,621,845 accrued to its subsidiary companies prior to the Company's organization.

CONSOLIDATED INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1941

Gross Income (other than dividends and interest) after provision for depreciation, obsolescence, repairs and renewals, all state, local and capital stock taxes	$ 44,965,826.71	
Provision for General Contingencies	3,000,000.00	$ 41,965,826.71
Other Income:		
Dividends	$ 2,978,245.43	
Interest	320,650.81	3,298,896.24
Gross Income before provision for Federal Income and Excess Profits Taxes		$ 45,264,722.95
Federal Income and Excess Profits Taxes		23,848,156.99
Net Income		$ 21,416,565.96

SURPLUS ACCOUNT

Surplus at December 31, 1940	$185,992,481.45	
Net Income year 1941	21,416,565.96	$207,409,047.41
Dividends declared on Common Stock	$ 19,210,304.00	
Less: Dividends on Treasury Stock, not included in Income	1,497,512.00	17,712,792.00
Surplus at December 31, 1941		$189,696,255.41

Allied Chemical & Dye Corporation,
New York, N. Y.

We have examined the consolidated general balance sheet of the Allied Chemical & Dye Corporation and its subsidiary companies as of December 31, 1941, and the statements of consolidated income and surplus for the calendar year then ended, have reviewed the system of internal control and the accounting procedures of the company and its subsidiary companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated general balance sheet and related statements of income and surplus present fairly the position of the Allied Chemical & Dye Corporation and its subsidiary companies at December 31, 1941, and the results of their operations for the calendar year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 4, 1942.

WEST, FLINT & CO.

Urges Cotton Farmers To Plant Full Acreage

Secretary of Agriculture Wickard on March 4 called on the Nation's 2,500,000 cotton farmers to plant their full national acreage allotment of about 27,400,000 acres of cotton in 1942 and recommended that as much of this allotment as possible be planted in medium and longer staple varieties in order to assure adequate supplies of the quantities needed to meet military requirements. In making this known the Department stated:

The Secretary emphasized that this does not mean that allotments will be increased in 1942, or that farmers are being asked to exceed cotton allotments. Farmers last year underplanted the national cotton allotments by some 4,000,000 acres. The 1941 crop of 10,976,000 bales was produced from a planted acreage of 23,250,000. The 1941 allotment was approximately 27,400,000 acres.

Secretary Wickard in his advices said:

It is especially important that farmers plant their full cotton allotments in those areas which normally produce cotton of a staple length of one inch or better, and where the planting of the full allotment will not reduce the acreage planted to other oil crops. The war emergency has developed an increased need for cotton of longer staple lengths. In addition to helping meet the need for longer staple lengths, increased cotton production in these areas will also add considerably to our supply of vegetable oils.

It is pointed out that on Feb. 5, the Department announced that the Commodity Credit Corporation would increase premiums under the 1942 loan program on cotton 1⅛ inches and longer in order to assure producers the same per acre return from the longer staple lower yielding cotton as from the sharter staple, higher yielding varieties.

Under date of March 4, the Department stated:

Growers are being urged to exercise particular care in cultivating, harvesting, and ginning the 1942 crop to insure the highest grades possible.

If the 1942 yield should be equal to the average yield per planted acre of 235 pounds for the five years, 1936-1940, the planting of 27,400,000 acres this year would result in a crop of about 13,500,000 bales. If the 1942 yield should be equal to the average yield per planted acre of 211 pounds for the 10 years, 1931-1940, the planting of 27,400,000 acres this year would result in a crop of about 12,100,000 bales.

A substantial increase in the production of cottonseed oil would result from the planting of the full cotton acreage allotment. Assuming that the entire increase in production of cottonseed is crushed for oil, a 1942 crop of 13,500,000 bales would result in an increase of 250,000,000 pounds of cottonseed oil over 1941. A 1942 crop of 12,100,000 bales would result in an increase of 156,000,000 pounds of cottonseed oil over 1941. Increased production of vegetable oils is one of the major goals of the 1942 Food-for-Freedom Program.

Inciting the need for more long staple cotton, the Secretary said that the carryover of American cotton in the United States on next Aug. 1 will total approximately 10,000,000 bales, of which it is estimated about 6,000,000 bales will be under one inch in staple length. The increased production of military goods is consuming more than the normal volume of the longer staple and higher grade cottons.

Authorize Inquiries Into Normandie Burning

Both branches of Congress on Feb. 18 authorized separate investigations of the burning of the former French liner Normandie, now the U.S.S. Lafayette, at its New York pier on Feb. 9. The Senate provided $5,000 for its Naval Affairs Committee to inquire whether the cause of the fire was negligence or sabotage and the House Naval Affairs Committee voted to have a special sub-committee make its own probe. In order to avoid duplicating effort, the two groups may conduct a joint study of various phases. Both investigations will be independent of the studies being made by the Navy Department and the Federal Bureau of Investigation.

The 83,000-ton liner, built in France in 1935 at a cost of $60,000,000 was severely damaged by the fire which resulted in its capsizing at the New York dock. A special group of experts is now working on the problem of possible salvage of the vessel. The former French liner was requisitioned by the United States Government on Dec. 16 and was being converted into a Naval auxiliary.

Lend-Lease Funds Now Total $47 Billion

The office of Lend-Lease Administration revealed on March 3 that the lend-lease appropriations and transfer authorizations passed by Congress now total over $47,000,000,000. Recent Congressional enactment of the Fifth Supplemental National Defense Appropriation Act, aggregating $32,762,737,900, carried the total to $47,410,650,000. In this bill, direct lend-lease funds appropriated amounted to $5,425,000,000, while up to $11,250,000,000 of the equipment to be turned out for the Army under the bill could be sent to other nations. In addition the President could lease any of the cargo ships to be built from the Maritime Commission's fund of $3,852,000,000 provided in the bill.

The total lend-lease fund is made up of $18,410,000,000 in direct appropriations and $29,000,650,000 in transfer authorizations.

The following summary of all lend-lease appropriations and transfer authorizations by Congress to date was reported in Washington advices of March 3 to the New York "Times."

Direct Appropriations

1941

March 27—$7,000,000,000, Defense Aid Supplemental Appropriation Act, 1941.

Oct. 28 — $5,985,000,000, Defense Aid Supplemental Appropriation Act, 1942.

1942

March 2—$5,425,000,000, Defense Aid title of Fifth Supplemental National Defense Appropriation Act, 1942.

Total—$18,410,000,000.

Transfer Authorizations

1941

March 27—$800,000,000 of defense articles appropriated for prior to March 11, 1941. Does not apply to War Department. (As advised Dec. 17.)

Aug. 25—$698,650,000, additional appropriation for Maritime Commission ships, any of which the President is authorized to lease (First Supplemental National Defense Appropriation Act, 1942).

Dec. 17—$2,000,000,000 of defense articles appropriated for War Department before or since March 11 (Third Supplemental National Defense Appropriation Act, 1942).

1942

Jan. 30—$4,000,000,000 of defense articles included in appropriations for War Department (and including $9,000,000,000 for Air Corps) in Fourth Supplemental National Defense Appropriation Act, 1942.

Feb. 7—$2,500,000,000 of defense articles, other than ships, appropriated for in Naval Appropriation Act, 1943, with additional appropriations for 1942.

Feb. 7 — $3,900,000,000, total cost of 1,799 emergency-construction Navy ships, any of which the President is authorized to lease for duration of the emergency by the same Act.

March 2 — $11,250,000,000 of defense articles appropriated for War Department in Fifth Supplemental National Defense Appropriations Act, 1942.

March 2—$3,852,000,000 additional appropriation and contract authorization for Maritime Commission ships, any of which the President is authorized to lease by the same Act.

Total—$29,000,650,000.

Survey World Sugar Supply

The Sugar Section of the War Production Board, in co-operation with other Government agencies, is concluding, under the supervision of A. E. Bowman, Chief of the Section, an exhaustive study of the world's sugar supply, it was announced on March 6 by the WPB Division of Industry Operations.

Experts from various Government agencies whose duties include watching every phase of the world's sugar industry were asked by Mr. Bowman to assist in the survey. The agencies include three divisions of the Department of Agriculture (Foreign Agricultural Relations, Sugar Division of the AAA, and Surplus Marketing Administration), the Bureau of Foreign and Domestic Commerce of the Department of Commerce, the Tariff Commission, and the WPB Statistics Division. The announcement added:

Every sugar-producing country in the world outside of the Axis powers and those dominated by the Axis are included in the survey. Sugar is produced in almost every country in the world, ranging all the way from Reunion in the Indian Ocean with a crop last year of 75,000 tons to Brazil with an annual production of over 1,000,000 tons—to mention the extreme among countries not generally known for their sugar-producing abilities. Cuba, of course, tops them all, with an annual production of 4,000,000 tons.

According to Mr. Bowman "one purpose of the study is to ascertain all the available supplies of sugar, to see what we can expect to do about supplying our Allies under Lend-Lease and also to determine what economies may be made in shipping space in the movement of such sugar, and what should be done internally in the United States in connection with the current sugar situation." He added:

We want to find out how much exportable surplus of sugar exists in any country, if any; where it went to normally, and whether it could be diverted to assist in the defense efforts of ourselves and our Allies.

It is the Government's desire to eliminate, as much as possible, cross-hauls in the shipping lanes of the world, to conserve cargo space and to minimize transit time in shipping. In this way we can make more ment of arms and munitions.

The sugar study, it is noted, was brought about by the sugar shortage now existing in this country.

No Cigarette Price Rise

Price Administrator Leon Henderson announced on Feb. 27 that the wholesale prices for cigarettes, established in the Dec. 30 price schedule, are continued in effect, explaining that an OPA investigation showed that current prices were "fair and equitable." The schedule "froze" prices at levels prevailing on Dec. 26. The OPA inquiry into cigarette manufacturing costs was begun after the American Tobacco Co. announced an increase in the wholesale price of "Lucky Strike" cigarettes from $6.53 per thousand to $7.10. The Price Administrator required the company to rescind its advance pending an investigation into factors justifying the price increase; this was noted in our issue of Jan. 15, page 232.

Extend 1941 Grain Loans

The U. S. Department of Agriculture announced on March 2 that all 1941 loans on wheat, rye, and barley stored on the farms and in good, sound condition may be extended to April 30, 1943, except in certain eastern and southern areas, which will be designated later. The present maturity date on all these loans is April 30, 1942. The Department also states:

Loans on wheat defined as excess wheat under the marketing quota provisions, whether stored on farms or in approved warehouses, may also be extended to April 30, 1943.

Loan notes secured by any of these grains stored on the farm will be extended if evidence is submitted to the county agricultural conservation committee that consent for storage for the period ending June 30, 1943 has been obtained, and required inspection fees have been paid. All extended loans will be subject to call on demand.

The Commodity Credit Corporation will advance 7 cents per bushel storage on the number of bushels of farm-stored wheat resealed at the time of extension, provided such storage allowance was not advanced at the time the loan was made. The producer will also be entitled to an additional storage allowance of 5 cents per bushel on extended farm-stored wheat loans, payable on delivery. Both storage allowances wil be conditioned upon delivery of the wheat to the Corporation at maturity. It will not be necessary to secure extension of insurance certificates.

Non-Farm Foreclosures Again Lower In January

Foreclosure activity in nonfarm areas of the United States continued an eight-year downward trend with an estimated 4,018 cases during January, a decline of 219 from the December total and 23.4% from the figures for January, 1941, Federal Home Loan Bank Administration economists announced on Mar. 7. It is stated in the announcement that on the basis of the Bank Administration's seasonally adjusted index, 34 States reported foreclosure decreases for January over December, while 14 States and the District of Columbia reported increases. Of the 12 Federal Home Loan Bank districts, only the New York and Pittsburgh districts showed increases. The report likewise states:

The national trend of foreclosures on non-farm real estate has been strikingly regular and smooth compared to many indexes of financial activity. From the peak reached during the middle of 1933, when the highest rate of foreclosure reached as many as 1,000 a day, there has been a consistent decline with but small monthly reversals of trend.

At the same time it is pointed out:

There will inevitably come a time, however, when this rate of decline will show indications of leveling off, for there is undoubtedly a minimum volume of foreclosures even under the more favorable economic circumstances. During the latter months of 1941 and in January, 1942, there appears to be some indication that the rate of decline is smaller and that the index is approaching some minimum level.

It is further stated:

Nationally, the foreclosure rate for January amounted to only 2.5 per 1,000 dwellings, with more than half of the month's total occurring in communities of 60,000 or more dwellings. When adjustment was made for the size of the respective communities, this group of larger counties and cities showed foreclosures at the rate of 3.9 for each 1,000 dwellings, and the next smaller city groups registered declining rates of 2.7, 1.7 and on down to 1.3, respectively, for communities of under 5,000 dwelling units.

Fire Prevention Awards

The winning cities in the National Inter-Chamber Fire Waste Contest, sponsored jointly by the U. S. Chamber of Commerce and the National Fire Waste Council, will be announced at the Council's annual meeting in Washington on April 3 and the prizes will be awarded at the Chamber's meeting in Chicago April 27-30. The contest is rounding out its 20th year of continuous, organized, nationwide fire prevention work. It is stated that it has demonstrated its value as a major conservation activity for chambers of commerce, through which they can make effective contributions to civilian defense and the war program.

Fire losses in the United States are mounting again, the Chamber points out. The nation's fire losses during January, 1942, are estimated at $35,565,000 — 34% more than for January, 1941, and 14% more than for December, 1941. This increased toll of fire destruction for January takes on added significance since it is a continuation of the large increase in fire waste for the year 1941, estimated at $322,357,000, or $16,000,000 more than in 1940.

Resigns As Bulgar Legate

President Roosevelt recently accepted the resignation of George H. Earle, III, as United States Minister to Bulgaria in order that he may join the Navy. In a letter accepting Mr. Earle's resignation, the President said that his diplomatic mission "was conducted in trying times and difficult circumstances, but you acquitted yourself with resourcefulness and skill." He also said that it is "good to know" that Mr. Earle will still be in the country's service and wished him well in his new career.

Mr. Earle was sworn in as a Lieutenant Commander in the Navy on Feb. 27. He expects to serve in a post similar to the one be held during the first World War, when he commanded a submarine chaser. Mr. Earle, who is a former Governor of Pennsylvania, had held the Bulgarian post since February, 1940. He had previously served in the diplomatic corps as Minister to Austria in 1933 and 1934.

Named to Reserve Board

President Roosevelt sent to the Senate on Feb. 17 the nomination of Rudolph M. Evans, of Virginia, to be a member of the Board of Governors of the Federal Reserve System. Mr. Evans, who is Director of the Agricultural Adjustment Administration, was named to fill the vacancy caused by the resignation of Chester C. Davis. Mr. Davis resigned in April, 1941, in order to become President of the Federal Reserve Bank of St. Louis (see these columns of April 19, 1941, page 2488). Mr. Evans was nominated for the unexpired portion of the term of 14 years from Feb. 1, 1940.

Sees Mortgages Quoted In Fractions Like Govt. Bonds

The war will probably hasten the day when mortgages, for the first time in their history as one of the oldest types of investments, will be quoted in fractions as Government bonds are, in the opinion of L. E. Mahan, Regional Vice-President of the Mortgage Bankers Association of America and President of L. E. Mahan & Co. of St. Louis. Mr. Mahan said:

Most mortgage bankers today can recall when interest rates on mortgages were only quoted in full points—5%, 6%, etc. Today, quotations in half points—4½%, 5½%, etc. — are general. The day is approaching, and the war is speeding it, when mortgage loan rates will be generally quoted in fractions just as Government bonds are today.

It will be advantageous to lender and borrower alike. The advantages to the latter are obvious. The advantages for the lender will be that it will enable him to supply loans for more varied periods of time, increase the number of loan plans he can offer borrowers and increase his trading latitude. Further, it will mean that mortgage bankers can at last fully adapt mortgage plans to the borrower's exact ability to pay. In almost all the many studies made on the subject, practically all agree that in the average budget the amount spent for lodging, which should include rent or loan payments, light, fuel, insurance, taxes and maintenance of property, should not exceed 28%. Thus, by being able to offer the borrower a more flexible loan plan, lenders can better adjust the mortgage to the borrower's exact income, which is what FHA and all far-sighted interests in mortgage banking are striving to do.

No longer is the percentage of loan to value as all-important as it once was in financing real estate. Today, adjusting the mortgage to the paying ability of the borrower, ranks equally with it.

During the war period, of course, the advantages may not be seen in such bold relief as they would ordinarily because of the decline in non-defense residential building but in the period of national reconstruction and urban redevelopment to follow peace the advantages of this change in practice will become evident as a medium by which mortgage men can offer the borrower more and, at the same time, make his own lending problems easier.

RR. Equipment Report

The Securities and Exchange Commission has made public the eleventh of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1939 and 1940 and extend earlier reports which generally covered the period 1934-1939. Balance sheets and profit and loss statements, expressed both in dollars and percentages, as well as surplus statements and financial ratios are presented for individual companies and for the industry group as a whole in uniform tabular form which permits easy reference and comparison. Report No. 11 covers corporations engaged primarily in the manufacture of railroad equipment which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940. The 18 companies included in this group, the Commission reports, are:

The American Brake Shoe and Foundry Co.
American Car and Foundry Co.
American Locomotive Co.
American Steel Foundries.
The Baldwin Locomotive Works.
General Railway Signal Co.
General Steel Castings Corp.
Lima Locomotive Works, Inc.
National Malleable and Steel Castings Co.
The New York Air Brake Co.
Pittsburgh Forgings Co.
Poor & Co.
Pressed Steel Car Co., Inc.
Pullman, Inc.
St. Louis Car Co.
The Symington-Gould Corp.
The Westinghouse Air Brake Co.
The Youngstown Steel Door Co.

The Commission also says:

The combined sales reported by the group were $449,000,000 in 1940 compared with $300,000,000 in 1939. Net profits after all charges totaled $33,000,000 in 1940 against $12,000,000 in 1939, equivalent to 7.3% and 4.0% of sales. Total dividends paid out by these enterprises were $21,000,000 in 1940 compared with $9,000,000 in 1939. The combined assets of these 18 enterprises totaled $743,000,000 at the end of 1940 compared with $571,000,000 at the end of 1939, while surplus increased from $146,000,000 at the end of 1939 to $173,000,000 at the end of 1940.

Single copies of this report as well as the other reports may be secured without charge by request to the Publications Unit of the Securities and Exchange Commission, Washington, D. C.

White Elected Director

Lawrence Grant White, senior partner of the architectural firm of McKim, Mead & White, has been elected a Director of the Railroad Federal Savings and Loan Association, New York, N. Y., it was announced on March 2 by George L. Bliss, President of the institution.

The Railroad Federal Savings and Loan Association reported total resources of $36,726,501 on Dec. 31 and with its 39,290 savings accounts. Since 1890, it has been a factor in financing the construction of small homes in New York City and the adjacent metropolitan area.

Hudgins Gets WPB Post

Appointment of Houlder Hudgins as Deputy Director of the Division of Purchases in the War Production Board, was announced on March 8 by Douglas C. MacKeachie, Director of Purchases.

Mr. Hudgins, who is President of the Sloane-Blabon Corp. of New York City, thus becomes second in command of the Purchasing Division and as such is the ranking official in the WPB's exercise of general direction over war purchasing. He succeeds Arthur B. Newhall, now Chief of the Rubber Branch in the Division of Industry Operations.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1029)

further bad news. The implication being that the market is now a buy. I'm afraid I don't agree. History of almost incomprehensible magnitude is being made and the market, whatever its forecasting powers, just doesn't know how to cope with, or to interpret the forces at large today. We are in a total war, a global war, and nobody, least of all market commentators, can know what is ahead.

* * *

In past crises, capital could always seek refuge in other countries. Where can it move today? South America? Perhaps. A great deal is moving there. You can see it in the action of South American bonds. But even now it looks as if South American countries will be in the war soon.

* * *

Meanwhile, for readers of this column, the speculative positions advised in the past, seem like the wise thing to do. Hold what stocks you have, until they break their critical points. If they do, get out. If they don't and rally instead, you will make some money.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

To Admit W. D. Townsend

PHILADELPHIA, PA.—William De Haven Townsend will become a partner in De Haven & Townsend, 1513 Walnut Street, members of the New York and Philadelphia Stock Exchanges, as of today. Mr. Townsend, a member of the Philadelphia Exchange, has been engaged in business as an individual floor broker.

E. C. Thomas Now With Herman Bensdorf & Co.

MEMPHIS, TENN. — Herman Bensdorf & Company, Commerce Title Building, announce that E. C. Thomas has become associated with their firm. Mr. Thomas was formerly a partner in Thomas & Allen, and Lewis & Thomas; was an officer of Saunders & Thomas, Inc., and in the past was manager of the bond department of the First National Bank of Memphis.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Walter G. Pollak has been proposed as alternate on the floor of the Exchange for John Hone Auerbach; both are partners in Auerbach, Pollak & Richardson, New York City.

Transfer of the Exchange membership of Claude C. Pinney, deceased to Carl M. Loeb, partner in Carl M. Loeb, Rhoades & Co., New York City will be considered on March 19.

Interest of Henry B. Day, Exchange member, deceased, in R. L. Day & Co., Boston, Mass., ceased as of Feb. 27.

William B. Potts, Jr., member of the New York Stock Exchange, has withdrawn from partnership in Alexander Eisemann & Co., New York City, as of Feb. 28, on which day the firm retired as a Stock Exchange member firm.

Francis A. Callery retired as a partner in Emanuel & Co., New York City, as of Feb. 28.

William B. Shattuck withdrew from partnership in Sweetser & Co., New York City, effective Feb. 28.

H. G. Einstein & Co., New York City, dissolved as of March 7.

Gwynne Brothers, New York City, dissolved March 2.

To Pay On San Paulo 7's

J. Henry Schroder Banking Corp., New York, as special agent, is notifying holders of State of San Paulo (United States of Brazil) 7% secured sinking fund gold bonds external water works loan of 1926, that it has received funds to pay on or after March 6, 1942, 14.35% of the face amount of the coupons due Sept. 1, 1939 appertaining to these bonds. The payment will amount to $5.0225 for each $35 coupon and $2.51125 for each $17.50 coupon. The notice says:

The acceptance of this payment is optional with the holders, but pursuant to the terms of Presidential Decree No. 23829 of Feb. 5, 1934, as modified by Decree-Law No. 2085 of March 8, 1940. Payment if accepted must be for full payment of the coupons and of claims for interest represented thereby.

Holders of Sept. 1, 1939 coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons at the office of the special agent, 48 Wall Street, New York.

No provision has been made for unpaid coupons which matured prior to April 1, 1934, but they should be retained for future adjustment.

Edw. D. Jones Moves

ST. LOUIS, MO. — Edward D. Jones & Co., members of the New York, St. Louis and Chicago Stock Exchange, announce the removal of their offices to 705 Olive Street after twenty years in the Boatmen's Bank Building. The firm is giving up its space in the Boatmen's Bank Building in order to make space available for the REA which is moving to St. Louis from Washington.

Land Bank Borrowers Pay

That many farmers are using their current larger income to reduce their farm mortgage debt is indicated in payments on principal to the Federal land banks, according to the U. S. Department of Agriculture which on March 8 said that reports to Farm Credit Administration also indicate that farmers generally are using more short-term production credit than in recent years, due largely to their greater efforts to produce food for defense, but that lending facilities throughout the nation are adequate to meet all of their needs. The Department's advices added:

Not only are more of the loans of the land bank borrowers current but farmers are making greater progress in cutting down or paying off their loans entirely. Principal payments in 1941 amounted to 7.3% of the loans outstanding and on Commissioner's loans 12.8%. Payoffs both as to number and amount were the greatest in the history of the land bank system. Land bank borrowers totaling 25,407, and 24,704 Commissioner borrowers repaid their loans in full. This compares with 15,778 and 14,545, respectively, during 1940.

"The Federal land banks and national farm loan associations are continuing to urge farmers to curtail their indebtedness as rapidly as they can during this period of better prices," said A. G. Black, Governor of the Farm Credit Administration. He went on to say:

During the last year they have not only exceeded all others in retiring debts in full but borrowers have swollen the "rainy day" fund by approximately $4,000,000.

This fund represents money sent to the banks to be held for application at some future date to the retirement of part of the loan or to pay interest. Some borrowers have deposited enough to take care of several instalments and thus built up their feeling of security.

"The banks pay the borrowers the same rate of interest on these future payments as they pay the banks on their loans," Governor Black pointed out.

To Work More For Less

A reduction in hourly wages from $1.83⅓ to $1.72½ and an increase in the work week from 30 to 40 hours were announced in Chicago on March 5 by the painters' union, according to Associated Press accounts, which further said:

A. W. Wallace, Secretary-Treasurer of the Painters' District Council No. 14 of the Brotherhood of Painters, Decorators and Paperhangers of America, American Federation of Labor affiliate, said that the change was made to cooperate with the national defense program.

Effective April 1, the agreement which is to run for the duration of the war, covers 18,000 workers and 800 contractors.

Now McDonald & Co.

KANSAS CITY, MO.—With the retirement from Collins, McDonald & Co. of Ross F. Collins, the firm has been succeeded by McDonald & Co., of which Claude M. McDonald is sole proprietor. Offices will be continued at 1009 Baltimore Avenue.

Prescott & Woodin Formed

WHITE PLAINS, N. Y.—John L. Prescott and Ernest C. Woodin have formed Prescott & Woodin, with offices at 175 Main Street, to act as brokers and dealers. Mr. Prescott was formerly proprietor of J. L. Prescott Co.; Mr. Woodin was in business as an individual dealer.

UP-TOWN AFTER 3

SCREEN

"The Invaders" (Columbia), produced in Canada and England: with Laurence Olivier, Leslie Howard, Raymond Massey, Eric Portman and others. Produced and directed by Michael Powell.

One of the best anti-Nazi films to be shown yet is "The Invaders." For not only does it present logical arguments, but does it so graphically and with so much interest that even if the propaganda angle were dispensed with the picture could stand on its own merits as top entertainment. Opening with a realistic scene of the torpedoing of a freighter in the Gulf of St. Lawrence, it rapidly gains momentum as the German U-boat responsible is hunted down and finally bombed to the bottom when it is caught in Hudson Bay. From then on the picture concerns itself with the scouting party, which had been sent ashore, is now stranded in Northern Canada. The six survivors trying to make their way to the United States (this is before Dec. 7) leave violence and murder in their wake. At a trading post they kill three men, losing one of their own. In a forced landing from a stolen plane, they lose another. At a Hutterite colony where they are fed and offered rest without question, they lose still another. And so it goes. Finally there are only two men left. In running from the Mounted Police they come across a vacationing writer who puts them up for the night. In trying to steal his horses one of them is captured leaving only one Nazi to deal with. Finally he, too, is brought to bay by a Canadian soldier on the American border. At no time is the movie cluttered up by any kind of love story. It is a realistic portrayal of a chase across a wide stretch of land inhabited by democratic people who can't believe the dreaded Nazis are in their midst. The Nazis in turn are not pictured as stupid egotists. They are daring, they possess cunning and don't hesitate at anything. It is an exciting story, well told, and capably acted.

"To Be Or Not To Be" (United Artists), starring Carole Lombard and Jack Benny; with Robert Stack, Felix Bressart, Lionel Atwill, Sig Ruman and others.

Also an anti-Nazi picture, but this goes in for laughs, not grimness. It's true that the laughs are sometimes lugubrious, not so much because you are aware that Carole Lombard is dead but rather the background of the story, Warsaw, is not conducive to farce. A company of Polish actors, headed by a kind of Lunt-Fontanne couple (Jack Benny and Carole Lombard), are rehearsing a play in which the cast wear German Army uniforms. The invasion of Poland puts a stop to everything including the play. A young and handsome Polish flyer, now with the British comes back to Warsaw to catch a Nazi spy and to see Miss Lombard, who hides him from the Nazis. From that point laughs pile on and on. The company of actors help the young Pole to outwit the Gestapo by masquerading as Gestapo officials; one member even impersonates Hitler. Jack Benny becomes the Gestapo head, and then the spy, and Miss Lombard is the siren whose job it is to prevent the real spy from getting his information to the actual Gestapo. As the wife of a ham actor Miss Lombard turns in a top performance. Jack Benny as the "great, great actor," who insists on dominating each scene and situation, is as funny on the screen as he is on the air.

RESTAURANTS

"1—2—3" (123 E. 54th) is a busy place these days. For not only does it serve food that is by all standards, excellent, but the patrons seem to go in heavily for indoor sports. In this case, gin rummy. Of course if you don't like gin rummy (I don't know if I do—I can't play it) you can just sit back and listen to Roger Stearns play the piano; or look around at the people who are beginning to consider "1—2—3" their second home. If there is a movie celebrity in town, he or she will eventually turn up here.

NIGHT CLUB

La Martinque (57 W. 57th) now has a new attraction, Georgia Price, the diminutive senior partner of the very proper and dignified member firm, George E. Price & Co. As a broker Mr. Price was apparently bored with watching a ticker tape that never moved so he went back to his first love, show business. As a performer he is simply Georgie Price who is every bit as capable as Mr. Price the broker. His impressions of such contemporaries as Georgie Jessel, Al Jolson and Harry Richman are devastating. The song, however, that made me laugh was his description of the effects of vitamin E on his (Georgie Price's) love life.

RECOMMENDED READING

If income taxes have you wobbly read **Groucho Marx's "Many Happy Returns."** It won't make your tax any smaller but it will help you laugh. . . . If you're wondering what's holding Russia up, what was behind the late lamented Nazi-Soviet pact; in fact if you want to know the unvarnished truth about Russia read **ex-Ambassador Joseph E. Davies' "Mission to Moscow."**

Mahlon Traylor Dies

Mahlon E. Traylor, President of Massachusetts Distributors, Inc. of Boston, died at his home after an illness of several weeks. Mr. Traylor began his investment banking career in Denver, coming to New York in 1930 to become President of the American Trustee Share Corporation, a subsidiary of W. A. Harriman & Co., Inc. Later he was in charge of the investment trust activities of Brown Brothers, Harriman & Co. In 1934 he moved to Boston, becoming head of Massachusetts Distributors, underwriters of Massachusetts Investors Trust, Massachusetts Second Fund, and Boston Fund, Inc.

Calendar of New Security Flotations

OFFERINGS

STATE STREET INVESTMENT CORP.

State Street Investment Corp. has filed a registration statement with the SEC for 53,095 shares of common stock, no par value, for an aggregate amount of $3,229,769

Address—Boston, Mass.

Business—Company is an investment trust

Underwriting and Offering—The shares will be offered at market. Discount to be allowed on single transactions involving $100,000 or more. Massachusetts Distributors, Inc., is the underwriter

Proceeds will be used for investment purposes

Registration Statement No. 2-4945. Form A1 (2-10-42)

Effective—4 p.m. E. S. War Time on March 3, 1942

Offered—March 10, 1942 by a nationwide group of investment firms associated with Massachusetts Distributors, Inc. The shares are priced at current market, which is based on net asset value, calculated twice daily.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, MARCH 15

REPUBLIC DRILL & TOOL CO.

Republic Drill & Tool Co. has filed a registration statement with the SEC for: 125,000 shares of 55-cent cumulative convertible preferred stock, $1 par; option warrants to purchase 62,500 shares of $1 par common stock; 125,000 shares $1 par common stock, reserved for issuance upon conversion of the preferred stock, and 62,500 shares $1 par common stock reserved for the option warrants

Address—Chicago, Ill.

Business—Engaged in the manufacture and sale of a variety of twist drills

Underwriter—Craigmyle, Rogers & Co. is the sole underwriter

Offering—The 125,000 shares of preferred stock will be offered to the public at $5 per share; provision is made, however, that the initial offering price may be reduced to not less than $4 per share. The option warrants, above mentioned, are to be issued to the underwriter as additional compensation. If the underwriter exercises the warrants, the shares of common stock covered by such warrants may be offered to the public; details of such public offering, if any, will be supplied by amendment

Proceeds will be used to purchase machinery and equipment, and for working capital

Registration Statement No. 2-4950. Form A1 (2-24-42)

SATURDAY, MARCH 21

CALIFORNIA DE-TINNING CORP.

California De-Tinning Corp. filed a registration statement with the SEC for 234,000 shares of $1 par common stock

Address—Los Angeles, Cal.

Business—Company is engaged in the reclaiming and processing of tin

Underwriters—Quincy Cass Associates

Offering—The common stock will be offered to the public at $1 per share

Proceeds will be used to pay for organization expenses, a detinning plant and for working capital

Registration Statement No. 2-4956. Form A1 (3-2-42—San Francisco)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed four separate registration statements with the SEC covering following: 25,000 shares series B-1 full certificates of participation; 300,000 shares series B-3 full certificates of participation; 70,000 shares series K-2 full certificates of participation, and 500,000 shares series S-4 full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Company is a distributive type of investment trust

Underwriting and Offering—The above shares, representing the above certificates, will be offered to the public, at the market

Proceeds will be used for investment purposes

Registration Statements Nos. 2-4952, 2-4953, 2-4954, 2-4955. Form C-1 (2-2-42)

NATIONAL SECURITIES & RESEARCH CORP.

National Securities & Research Corp. filed two separate registration statements with the SEC for (1) a maximum of 210 independence fund declarations of trust and agreement (of which 105 are without insurance and 105 with insurance of the accumulative type), calling for payments aggregating not in excess of $252,000 ($126,000 without insurance and $126,000 with insurance); and (2) 250 independence fund declarations of trust (income type, capital type and distributive type), aggregating $268,750, of which $18,750 represents a maximum creation fee payable to the sponsor and is not part of the trust

Address—1 Cedar St., New York, N. Y.

Business—This company is an investment trust. An independence fund declaration of trust presents a means by which an individual, upon the payment of certain fees, can establish a trust account providing for investment of $1,000 to $100,000 or more in a commingled fund of stocks and bonds, with certain protective requirements and subject to certain risks as ordinarily are incident to the ownership of the type of securities comprising the investment fund

The company is the sponsor

Proceeds will be used for investment purposes

Registration Statements: 2-4957; 2-4958. Form C1 (3-2-42)

SUNDAY, MARCH 29

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for $10,000,000 first mortgage and collateral trust 3⅜% bonds due 1971

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Proceeds—Proceeds from the sale of the bonds would be used to finance the company's construction program, including the Venice No. 2 plant of its subsidiary, the Union Electric Co. of Illinois. Company proposed to buy from the subsidiary as much as $10,000,000 of additional common stock of the subsidiary as construction funds are required. All the outstanding stock of the subsidiary is pledged under the company's mortgage under which the bonds are to be issued. The Venice No. 2 plant would add 240,000 kilowatts of additional generating capacity to the company's system late in 1943. The first section consists of two 40,000 kilowatt units, of which the first recently was placed in operation and the second is scheduled for completion next month. A second section of 80,000 kilowatts under construction is scheduled for completion in the Fall and a third of the same capacity is to be completed late next year

Underwriting and Offering—Subject to the SEC's approval the company expects to offer the issue at comparative bidding about March 23, with bids to be submitted by March 30

Registration Statement filed March 10, 1942

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

Amendments filed Nov. 21, Dec. 8, Dec 26, 1941, Jan. 12, Jan. 29, Feb. 7, Feb. 16 and March 5, 1942 to defer effective date

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

Registration Effective 12:30 p.m. E. War Time on Feb. 14, 1942.

Public Invitation for Proposals—No bids were received Feb. 24 for the issue. Groups formed to compete for the shares withdrew in the face of the general market uncertainty.

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock; (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. Form A2 (2-13-42—San Francisco)

Amendment filed Feb. 27, 1942, to defer effective date

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver. Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission 15%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendments filed Dec. 3, Dec. 31, 1941. Jan. 19 and Feb. 25, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941, Jan. 12, Jan. 31 and Feb. 19, 1942, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941. Jan. 2, Jan. 20, Feb. 6 and Feb. 24, 1942, to defer effective date

GENERAL FINANCE CORP.

General Finance Corp. filed registration statement with SEC for 176,854 shares common stock, $1 par

Address—184 W. Lake St., Chicago, Ill.

Business—Company and subsidiaries engaged principally in discounting installment notes receivable secured by automobile conditional sales contracts and chattel mortgages, and advancing funds to automobile dealers on their short-term interest bearing notes secured by automobiles. Due to recent prohibition of sale of new automobiles and new tires,, company proposes to amend its charter so as to broaden the scope of its authority to do business

Underwriting—None

Offering—The 176,854 shares of common stock are reserved for issuance upon the exercise of certain outstanding Common Stock Purchase Warrants, latter entitling holders thereof to purchase 176,854 shares of common stock of company at price of $4 per share, during period from Mar. 4, 1942 through March 4, 1947. Such warrants as filed and 176,854 shares of 5% preferred stock were issued to preferred and common stockholders of Utility and Industrial Corp. pursuant to merger agreement. It is estimated that total number of warrants ultimately to be outstanding will represent the right to purchase approximately 140,710 shares.

Proceeds will be added to working capital

Registration Statement No. 2-4936. Form A2 (1-28-42)

Registration effective 4:45 p.m. E. S. War Time on March 5, 1942.

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment filed Jan. 29, Feb. 16 and March 6, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock. $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendments filed Jan. 8, Jan. 24, Feb. 2, and Feb. 25, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3¾% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield. Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost. Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2, Jan. 21, Feb. 7, and Feb. 26, 1942, to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9, Jan. 27, Feb. 14, and March 2, 1942

LACLEDE GAS LIGHT CO.

The Laclede Gas Light Co. has filed a registration statement with the SEC for Certificates of Deposit for $10,000,000 of outstanding (with the public) Refunding & Extension Mortgage 5% bonds, dated Apr. 1, 1904.

Address—St. Louis, Mo.

Business—Engaged in the gas utility business within the city limits of St. Louis, Mo.

Offering—The Certificates of Deposit will be issued to holders of the above bonds in order to represent the deposit of said bonds under a Plan and Agreement dated Feb. 15, 1942, providing for the extension of the maturities of said bonds to Apr. 1, 1945. No underwriting involved.

Registration Statement No. 2-4946. Form A2 (2-12-42)

Laclede Gas Light Co. filed amendment with SEC on Feb. 28, 1942, to its registration statement for certificates of deposit to be issued under an offer to extend the maturities of its outstanding $10,000,000 of refunding and extension mortgage 5% bonds, dated April 1, 1904, to April 1, 1945. Changes to the plan, as outlined in the amendment, are substantially as follows:

(1) Ogden Corp. has agreed, subject to certain conditions, to purchase up to $3,000,000 of such bonds that have not been deposited or otherwise assented to the plan, that are available for purchase up to June 1, 1942. Ogden Corp. is not required to pay more than 100 and accrued interest for any bond; and it will extend the maturity date of the bonds so purchased by it. Ogden Corp. proposes to sell the extended bonds acquired by it, from time to time, at prices not less than 99 and accrued interest, unless the SEC approves a lower price

(2) The effective date of the plan has been changed as follows: the board of directors of the company shall declare the plan operative when and if holders of $7,000,000 principal amount of the $10,000,000 of outstanding bonds have been deposited under or have otherwise consented to the plan. Such declaration must be made on or before May 1, 1942, unless extended, and the plan becomes operative 15 days after such declaration has been made

(3) Ogden Corp., which now holds $598,000 principal amount of the company's collateral trust 6% notes, due Aug. 1, 1942, has agreed to acquire an additional $1,402,000 principal amount, provided the company will provide for payment at maturity (Aug. 1, 1942) of the remaining

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$1,000,000 principal amount of such notes (to which the company has agreed). Ogden Corp. further agrees to extend to Aug. 1, 1942, the $2,000,000 principal amount of the notes to be held by Ogden Corp.

Effective—1 p.m. E. S. War Time on March 7, 1942

LIBERTY AIRCRAFT PRODUCTS CORP.

Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

Amendment filed Feb. 26, 1942, to defer effective date

LOUISVILLE TRANSMISSION CORP. (KY.)

Louisville Transmission Corp. (Ky.) has filed a registration statement with the SEC for $3,850,000 of First Mortgage Sinking Fund bonds, due Mar. 1, 1967. Interest rate will be supplied by amendment.

Address—311 W. Chestnut St. Louisville, Ky.

Business—Incorporated in Kentucky on Dec. 2, 1941, as a subsidiary of Louisville Gas & Electric Co. Company will construct and own a 154,000 volt double circuit transmission line from a point on the site of the Paddy's Run generating station of the parent company, near Louisville, Ky., to a point known as Green River Crossing in Hart County, Ky. (approximately 67 miles) where it will connect with a transmission line which the Tennessee Valley Authority will construct to such point from its South Nashville substation near Nashville, Tenn. (about 105 miles). Company will also construct and own terminal facilities at the parent company's generating stations, together with transmission lines which, together with 10 miles of transmission lines to be constructed by company's wholly-owned subsidiary, Louisville Transmission Corp. (Indiana), will complete the tie-in with Louisville Gas & Electric's system and a transmission system of Public Service Co. of Indiana. Purpose of such construction is to make available to the TVA 1,400,000,000 kilowatt hours of electrical energy per annum from the interconnected system of Louisville Gas & Electric Co., the TVA and four non-affiliated electric companies.

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act; public offering price, names of underwriters, will be supplied by amendment.

Proceeds will be used to pay for the cost of the above construction program.

Registration Statement No. 2-4948. Form A1 (2-17-42)

Invites Bids—Corporation is inviting proposals for the purchase from it of $3,850,000 first mortgage sinking fund bonds due March 1, 1967. Proposals should be sent to the company's office, 311 West Chestnut St., Louisville, Ky., before 10 a.m. Central War Time, on March 17.

Registration effective 12 noon E. S. War Time on March 4, 1942.

Corporation on Feb. 18, 1942, was authorized by Kentucky P. S. Commission to seek bids on the bond issue

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10, Jan. 26, Feb. 11 and Feb. 28, 1942, to defer effective date

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

No bids for the purchase of the bonds were received on Dec. 16, 1941

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State. soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

Amendments filed Dec. 16, 1941, Jan. 3, Jan. 22, Feb. 10 and Feb. 27, 1942, to defer effective date

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock, by John W. Yeaman, Martinsville, Va.

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

Registration effective 4:45 p.m., E. S. War Time, on March 2, 1942

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

Amendment filed Feb. 11 to defer effective date.

TREASURE MOUNTAIN GOLD MINING CO.

Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

Amendment filed Feb. 11 to defer effective date

TUNG GROVE DEVELOPMENT CO., INC.

Tung Grove Development Co., Inc., filed registration statement with the SEC for Contracts for sale of land and development of tung groves thereon, aggregating $450,000

Address—Ocala, Fla.

Business—Engaged in the planting, cultivation and care of tung groves on lands of others under contract or upon orders from such owners, in Marion and Citrus Counties, Fla. Business is now being expanded to include the purchase, sub-division and sale of lands in these counties for development in tung groves

Underwriting—Details of underwriting or distributing method to be employed, will be supplied by amendment

Offering—Company will offer, through the Contracts, land suitable for tung grove development, together with its contract for the clearing, planting and development of a tung grove thereon, in units of not less than 10 acres at a total price of $45 per acre, payable one-fourth down and the balance in 3 equal annual payments

Proceeds for working capital, as payment for land sold and for development work and materials

Registration Statement No. 2-4935. Form S2 (1-28-42)

Registration Effective but apparently deficient at 4.45 p.m. E. S. War Time on Feb. 16, 1942. A hearing set before the SEC for March 3 postponed to March 31, 1942

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Reed & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed March 2, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendments filed Nov. 25, Dec. 13, Dec. 31, 1941, Jan. 19, Feb. 7, and Feb. 26, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5½% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendments to defer effective date filed Dec. 26, 1941, Jan. 10, Jan. 31, Feb. 19 and March 5, 1942

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

More New Money Invested In Savings & Loan Assns.

The receipt of $1,364,688,000 in new savings and investments by savings, building and loan associations during 1941 represents a 19.6% larger inflow of funds than in 1940, the United States Savings and Loan League, Chicago, reported on Mar. 7. This was practically the same rate of increase as 1940 had shown over 1939, Morton Bodfish, Executive Vice-President of the League, pointed out, making this past year the most conspicuous contributor to the thrift and home financing institutions' growth since before the depression. Mr. Bodfish also indicated that in December money taken in by the associations was still 14.4% greater than it had been in the same month of the previous year, and it is added that the total was $117,982,000, making December the largest month in receipts since July. This upturn from the fall months followed a seasonal trend noted since the figures began to be kept at the beginning of 1939, Mr. Bodfish said. During each of the three years reported for, it is added, December has been the third largest month in new money receipts, and apparently the national emergency did not upset the general trend of such savings. The increase over November was 20.8% this past year as compared with 24% in 1940. Mr. Bodfish also pointed out:

> The December uptrend was accomplished simultaneously with a 93% increase in the dollar volume of Defense Savings Bonds sold by the savings, building and loan institutions as compared with their average sales for the previous seven months. Here was an early demonstration of the enormous savings capacity of the people which was just beginning to be touched at that time.

The closest parallel which any recent year has seen between the amount of new money received for investment and the amount of new home loans disbursed by the associations was noted for 1941 by Mr. Bodfish. It is further stated:

> The total volume of loans in 1941 was $1,378,684,000, just $14,000,000 more than the receipts for the year. The monthly receipts of the associations in repayments on principal of their loans plus their credit lines at the Federal Home Loan Bank system account for their ability to make a larger volume of new home loans than the new money flowing in, it was explained. Apparently in 1941 less reliance on these sources of funds was necessary and cash positions were able to be built up substantially.

Pa. Factory Employment Decreased In December; Delaware Slightly Up

Employment in Pennsylvania factories decreased 1% in January to approximately 1,140,000 workers, while wage disbursements continued at the December peak of nearly $37,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,872 establishments. Working time decreased somewhat in the month. Ordinarily employment and payrolls show substantial declines from December to January. The number employed was 15% greater than a year ago and the volume of wage payments 40% larger. Under date of Feb. 20, the Bank further said:

> Activity in January exceeded seasonal expectations in most major lines, the principal exceptions being textiles and leather. Compared with a year ago, the sharpest gains in payrolls have occurred at plants turning out durable goods; in consumers' goods lines increases were most pronounced in the leather and paper and printing groups.
>
> Earnings of factory workers in Pennsylvania increased in January to a new high average of 86 cents an hour, as against 85 cents in December and 74 cents a year ago. The average number of hours worked per week showed only a slight decrease, so that weekly income also reached a new peak, averaging $35.19, or about 30 cents more than in December and nearly $6.50 above the level of January, 1941.

Concerning Delaware factory employment, the Reserve Bank reported:

> At reporting factories in Delaware, employment increased fractionally from December to January and wage disbursements showed a gain of about 3%. Employment and payrolls respectively were 24 and 66% above the level of a year ago.

Chicago Reserve Elects

Under date of March 3, announcement was made of the election of Charles B. Dunn and Alfred T. Sihler as Vice-Presidents of Federal Reserve Bank of Chicago. C. S. Young, President of the bank, making the announcement, said:

Mr. Dunn, who has been General Counsel to the bank since January, 1934, will continue in that position with the title of Vice-President and General Counsel.

Mr. Sihler is in charge of the Fiscal Agency Department. He was elected Assistant Deputy Governor June, 1933, and his title was changed to Assistant Vice-President March, 1936.

Cuts Rediscount Rate

The rediscount rate of the Federal Reserve Bank of Chicago, which has been 1½% since Aug. 21, 1937, was lowered on Feb. 27 to 1% by the Board of Directors of that bank, effective Feb. 28, 1942. The action was approved by the Board of Governors of the Federal Reserve System. In its announcement the Chicago Reserve Bank says:

This will result in equalizing the rediscount rate in the Chicago District with that in existence in the New York District. Advances to banks secured by obligations of the United States Government continue at the rate of 1%, which has been in effect since Sept. 1, 1939.

OPA Appointments

Three recent appointments to the Consumer Division of the Office of Price Administration, announced by Dan A. West, Director of the Division, are as follows:

John H. Paswaters, Acting Chief of the Consumers Representation Section since December, has been appointed Chief of the section.

Willis S. MacLeod, formerly with the Standard Oil Co. (N. J.), has been appointed Chief of the Standards Section.

Bruce L. Melvin, formerly associated with the Rent Section of the Office of Price Administration, has been appointed Regional Representative of the Consumer Division for Texas, Louisiana, and Oklahoma.

Tool Engineers To Meet

Plans for accelerating and mobilizing the nation's war production and, at the same time, conserving the supply of vital material and tools will be discussed at a series of technical sessions at the tenth annual convention of the American Society of Tool Engineers in St. Louis on March 26, 27 and 28. Representatives of the 52 chapters of the National Technical Society, whose membership is now reported at an all time peak of more than 10,000 will meet at the Hotel Jefferson for the sessions presided over by President F. W. Curtis.

Save Electricity

President Roosevelt appealed to all governmental agencies and civilian consumers to economize on the use of electrical energy, which is needed for the war effort. The President pointed out at his press conference that it is essential that every possible kilowatt hour be saved since defense power needs are constantly increasing. With respect to night baseball games, he said that this was one of the certain activities connected with morale which should go on, adding, however, that savings in electricity might be effected if people who went to these games would turn off their lights at home.

Soybean Buying Advanced

The Department of Agriculture announced on March 4 that the date for acceptance of soybean seed under the purchase offer announced Feb. 24 has been advanced from May 31, 1942 to April 10, 1942. This action was taken, the Department explained, in order to speed up the determination of the suitability of seed supplies on hand, to facilitate the distribution as seed of any stocks acquired by the Government, and to avoid soybeans being unnecessarily withheld from processing at this time and later interfering with the crushing of the much larger crop expected in 1942. Reference to the soybean program appeared in our March 5 issue, page 954.

WPB Warns Industrial Users On Sugar Buying

A. E. Bowman, Chief of the Sugar Section of the War Production Board, on March 5 sent telegrams to all trade associations representing industrial users of sugar, requesting them to warn their members that the sugar rationing plan will be hampered if excessive purchases by some small industrial users are not stopped.

Mr. Bowman pointed out that excessive sales of sugar by receivers to some customers violate the clause in the sugar order (M-55) which requires receivers to distribute their sugar equitably.

Cuba Plans National Bank

The following advices are from a wireless dispatch from Havana, March 1 to the New York Times":

The Senate last night approved a bill giving President Fulgencio Batista authority to issue silver certificates to be guaranteed by gold reserves or United States dollars. No amount was specified in the bill, although Alonso Pujol, President of the Senate, said recently that the government intended to issue $20,000,000 of the certificates.

The gold will be bought at $35 an ounce with United States dollars obtained by the government through the stabilization fund created several years ago to prevent depreciation of the Cuban silver peso. Owing to the present huge sugar crop, this fund, to which sugar exporters are obliged to deliver 30% of all sales in United States currency, is growing rapidly.

The government will buy gold with the idea of building up a reserve for a future national bank, according to the preamble of the bill. Gold bought may be deposited in the United States Treasury or Federal Reserve Banks.

Earlier advices from Havana (Feb. 20) to the "Times" stated that Cuba would shortly establish a national bank of issue soon, according to an announcement from the Presidential Palace. It was then stated that plans for the institution were complete and President Batista has ordered the work of organization to start immediately, according to official communique.

Coffee Quotas Raised

The Inter-American Coffee Board announced on March 5 that it intends to remove the present 15% limitation on coffee shipments to the United States in excess of quotas if the limitation "should become an obstacle." The Board's announcement, as contained in Associated Press accounts from Washington said:

The Inter-American Coffee Board approved a resolution Oct. 23, 1941, authorizing shipment of coffee from producing countries to the United States during the current quota year in excess of established quotas up to the limit of 15%.

In order to obviate any obstacles which might interrupt the flow of coffee to the United States in this time the Board declares that it intends to remove the limitation of 15% if it should become an obstacle. In this manner it will be possible to take advantage to the fullest extent possible for all available shipping space for the transportation of coffee to this market during the current quota year in accordance with the other provisions of the aforesaid resolution.

It is stated that the coffee would be shipped only after current quotas are filled and would be stored for sale in the next quota year, at which time it would be deducted from the countries' quotas.

The Board recently increased quotas for the year ending on Sept. 30 by 5%. It is said that the action was taken to meet the increasing coffee demands of the United States. The increase, effective as of Feb. 26 and applying only to the 207 days remaining in the current quota year, means that 472,628 bags of coffee can be made available for consumption in this country over the base quota of 15,900,000 bags.

1941 Corn & Wheat Loans

The Department of Agriculture reported on Mar. 4 that Commodity Credit Corporation had made 82,817 loans, in the amount of $62,258,151, on 85,300,930 bushels of 1941 crop corn through Feb. 21, 1942. Loans made to date have averaged 73 cents per bushel.

The Agriculture Department also reported on Mar. 4 that through Feb. 21, 1942, CCC made 514,348 loans on 355,745,145 bushels of 1941 wheat in the amount of $349,472,554. The wheat under loan includes 117,708,087 bushels stored on farms and 238,037,058 bushels stored in public warehouses. Loans to the same date last year had been made on 277,990,948 bushels.

Asst. Solicitor General

Oscar S. Cox, of Maine, was sworn in on Feb. 28 as Assistant Solicitor General of the United States, the oath being administered by Associate Justice Byrnes of the U. S. Supreme Court. Mr. Cox was nominated for the Justice Department post by President Roosevelt on Feb. 9 and the Senate confirmed the selection on Feb. 24. He succeeds Charles Fahy, who was promoted to the Solicitor Generalship last Fall (see issue of Nov.: 6, page 943). Mr. Cox entered the Government service in 1938 and prior to this appointment was general counsel for the Lend-Lease Administration.

STOCK OF MONEY IN THE COUNTRY

The Treasury Department in Washington has issued the customary monthly statement showing the stock of money in the country and the amount in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Jan. 31, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $11,174,681,997, as against $11,160,087,131 on Dec. 31, 1941, and $8,592,832,072 on Jan. 31, 1941, and comparing with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the World War, that is, on June 30, 1914, the total was only $3,459,434,174. The following is the full statement:

CIRCULATION STATEMENT OF UNITED STATES MONEY—JANUARY, 31, 1942

		MONEY HELD IN THE TREASURY					MONEY OUTSIDE OF THE TREASURY				
KIND OF MONEY	TOTAL AMOUNT	Total	Amount held as secur. against Gold and Silver Ctfs. (and Treas. Notes of 1890)	Reserve against U. S. Notes (and Treasury Notes of 1890)	Held for Federal Reserve Banks and Agents	All Other Money	Total	Held by Federal Res. Banks and Agents	‡‡In Circulation— Amount	‡‡In Circulation— Per Capita	POPULATION OF CONTINENTAL U. S. (ESTIM.)
Gold	†$22,747,189,254	$22,747,189,254	$20,593,941,286	$156,039,431	----------	¶$1,997,208,537	----------	----------	----------	----	----------
Gold certificates	‡(20,593,941,286)	‡(17,717,732,137)	----------	----------	†§($17,717,732,137)	----------	$2,876,209,149	$2,815,444,500	$60,764,649	$0.45	----------
Standard silver dollars	547,077,816	483 879,665	472,173,193	----------	----------	11,706,472	63,198,151	2,599,578	60,598,573	.45	----------
Silver bullion	1,481,665,930	1,481,665,930	1,481,665,930	----------	----------	----------	----------	----------	----------	----	----------
Silver certificates	‡(1,952,680,351)	----------	----------	----------	----------	----------	1,952,680,351	295,634,750	1,657,045,601	12.37	----------
Treasury notes of 1890	‡(1,158,772)	----------	----------	----------	----------	----------	1,158,772	----------	1,158,772	.01	----------
Subsidiary silver	501,468,507	8,011,888	----------	----------	----------	8,011,888	493,456,619	22,229,257	471,227,362	3.52	----------
Minor coin	217,697,137	4 380,443	----------	----------	----------	4,380,443	213,316,694	6,968,897	206,347,797	1.54	----------
United States notes	346,681,016	3,296,914	----------	----------	----------	3,296,914	343,384,102	41,109,787	302,274,315	2.26	----------
Federal Reserve notes	8,697,462,720	14,871,522	----------	----------	----------	14,871,522	8,682,591,198	430,088,685	8,252,502,513	61.61	----------
Federal Reserve bank notes	19,540,464	132,509	----------	----------	----------	132,509	19,407,955	69,650	19,338,305	.15	----------
National Bank notes	144,429,274	298,314	----------	----------	----------	298,314	144,130,960	706,850	143,424,110	1.07	----------
Total Jan. 31, 1942	$34,703 212,118	$24,743,726,439	$22,547,780,409	$156,039,431	‡($17,717,732,137)	**$2,039,906,599	††$14,789,533,951	$3,614,851,954	$11,174,681,997	83.43	133,948,000
Comparative totals:											
Dec. 31, 1941	$34,595,946,508	$24,724,648,438	$22,509,197,123	$156,039,431	$17,688,242,202	$2,059,411,884	$14,692,252,991	$3,532,165,860	$11,160,087,131	$83.38	133,843,000
Jan. 31, 1941	31,402,125,152	24,042,990,188	21,850,073,224	156,039,431	17,097,619,664	2,036,877,533	12,111,588,524	3,518,756,452	8,592,832,072	*64.76	*132,686,000
Oct. 31, 1920	8,479,620,824	2,436,864,530	718,674,378	152,979,026	1,212,360,791	352,850,336	6,761,430,672	1,063,216,060	5,698,214,612	53.21	107,096,000
March 31, 1917	5,396,596,677	2,952,020,313	2,681,691,072	152,979,026	----------	117,350,216	5,126,267,436	953,321,522	4,172,945,914	40.23	103,716,000
June 30, 1914	3,797,825,099	1,845,569,804	1,507,178,879	150,000,000	----------	188,390,925	3,459,434,174	----------	3,459,434,174	34.93	99,027,000
Jan. 1, 1879	1,007,084,483	212,420,402	21,602,640	100,000,000	----------	90,817,762	816,266,721	----------	816,266,721	16.92	48,231,000

*Revised figures.

†Does not include gold other than that held by the Treasury.

‡These amounts are not included in the total, since the gold or silver held as security against gold and silver certificates and Treasury notes of 1890 is included under gold, standard silver dollars, and silver bullion, respectively.

§This total includes credits with the Treasurer of the United States payable in gold certificates in (1) the Gold Certificate Fund-Board of Governors, Federal Reserve System, in the amount of $17,706,572,728, and (2) the redemption fund for Federal Reserve notes in the amount of $11,159,409.

¶Includes $1,800,000,000 Exchange Stabilization Fund and $143,358,156 balance of increment resulting from reduction in weight of the gold dollar.

**Includes $59,300,000 lawful money deposited as a reserve for Postal Savings deposits.

††The amount of gold and silver certificates and Treasury notes of 1890 should be deducted from this amount before combining with total money held in the Treasury to arrive at the total amount of money in the United States.

‡‡The money in circulation includes any paper currency held outside the continental limits of the United States.

NOTE—There is maintained in the Treasury—(i) as a reserve for United States notes and Treasury notes of 1890—$156,039,431 in gold bullion; (ii) as security for Treasury notes of 1890—an equal dollar amount in standard silver dollars (these notes are being canceled and retired on receipt); (iii) as security for outstanding silver certificates—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates; and (iv) as security for gold certificates—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Federal Reserve notes are obligations of the United States and a first lien on all the assets of the issuing Federal Reserve Bank. Federal Reserve notes are secured by the deposit with Federal Reserve agents of a like amount of gold certificates or of gold certificats and such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or, until June 30, 1943, of direct obligations of the United States if so authorized by a majority vote of the Board of Governors of the Federal Reserve System. Federal Reserve banks must maintain a reserve in gold certificates of at least 40%, including the redemption fund which must be deposited with the Treasurer of the United States, against Federal Reserve notes in actual circulation. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve bank notes and National bank notes are in process of retirement.

IBA Governors Oppose Tax On Municipals

The Board of Governors of the Investment Bankers Association, at its regular winter meeting in Chicago on March 4, adopted a resolution declaring its opposition to any attempt to tax outstanding "tax exempt" securities and also voiced its objection to Federal taxation of future issues of State and municipal securities. The Governors' resolution also stated that efforts to gain power over the States by any means other than a constitutional amendment would be disturbing and detrimental to the financial interests of the States and their governmental units.

The text of the resolution follows:

Whereas: At all times, and especially in a critical period, it is of paramount importance that the Government promote and maintain a strong spirit of patriotism and unity among all groups of our people and between all units of our government; and preserve our established form of constitutional government;

Now, Therefore, Be It Resolved by the Board of Governors of the Investment Bankers Association of America that it:

1. Asserts its opposition to any attempt to tax outstanding "tax exempt" securities; such an attempt will shake public confidence in the good faith of the Government and its respect for assurances, pledges and the sanctity of obligations;
2. Is opposed to Federal taxation of future issues of State and municipal securities until and unless authorized by constitutional amendment;
3. Considers as disturbing and detrimental to the financial operations and other interests of the States and their governmental units efforts to gain power over the States by any means other than a constitutional amendment.

Seaboard Study Ready

L. H. Rothchild & Co., 11 Wall Street, New York City, announce that they are preparing a comprehensive study of Seaboard All-Florida 6s, 1935. Copies will gladly be sent to brokers and dealers who desire them. This study will also include a map showing the Seaboard All-Florida Railway lines, other lines of the Seaboard Air Line Railway, as well as other railway lines in Florida.

Our Reporter On "Governments"

The Government market deserves a rest, needs one badly, as a matter of fact. . . . And the chances are it's going to get one during these next few days, for this is the income-tax period and this week and next, the Government mart is going to be under the influence of forces that have little to do with prices, the attractiveness of specific issues, the activities of dealers, etc. . . . It's going to be under the influence of the "tax date"—and that should give it a breathing spell at the least, cause a moderate decline in prices, at the most. . . .

There's little possibility of any large-scale bank buying of Governments for the time being. . . . The banks, both savings and commercial, will be too busy watching their withdrawals for tax payments, arranging loans to corporate and individual borrowers needing additional cash to turn over to the Internal Revenue Department. . . .

As for the insurance companies, there also is little probability that they'll be active purchasers during this upset period. . . . The insurance companies aren't moving fast these days. . . . They're sitting back, examining their positions, deciding the outlook for the spring months on the foreign front. . . .

On the technical side, the Government mart's position isn't especially attractive. . . . Last week, prices ran up sharply. . . . Tax-exempts went through some violent fluctuations following Secretary Morgenthau's testimony before the House Ways & Means Committee. . . . The dealers are reported mostly on the long side of the market. . . . Short selling hasn't been heavy recently. . . . And so, a decline resulting from technical factors wouldn't be out of the way. . . .

Looking at the market coldly at this writing, therefore, the weight seems to be on the downside. . . . Not an important decline, but one ranging to 1/4 or 3/8 of a point, to offset the rise of late February and early March. . . . This doesn't appear an attractive time to rush in and buy securities on balance. . . . Switches, of course—particularly the switches recommended in this column in the last two weeks, for those still appear excellent. . . . But that might be the limit of operations for the time being, according to informed sources on market movements. . . .

Borrowing

Morgenthau has asked Congress to raise the debt limit from $65,000,000,000 to $125,000,000,000. . . . The top figure isn't a surprise, of course. . . . If anything, it's surprising that he didn't ask for removal of the limit altogether. . . . It would be a sensible move generally and one that would stand a good chance during a time of this kind. . . .

However, the fact is Morgenthau set a maximum. . . . And the second fact is his request will be granted. . . . What is significant, then, is not this development, but the implications of other statements he made before Congress last week. . . .

Said Morgenthau: the debt will rise to $70,600,000,000 by June 30. . . . It will rise to $110,000,000,000 by June 3, 1943. . . . "It is anticipated that the borrowing authority (now the margin is $1,400,000,000) will be insufficient to cover the debt issues that will be required during the month of April." . . .

In other words, we can look for tremendous borrowings in the open market between now and June. . . . We can look for a major issue in April, next month. . . . For not by the wildest stretch of the imagination could we expect defense bond sales to raise the debt from the present level to $70,600,000,000 by June 30. . . . That's a more than $6,000,000,000 jump—meaning, to repeat, huge borrowing in the open market between now and summer. . . .

A "Fluctuating" Coupon

There's an important story around that Morgenthau and his assistants are considering adopting an issue with a fluctuating coupon. . . . A coupon that would be changed every six months, say, to conform with the price level on long-term Governments. . . . The idea is getting serious consideration, has a good chance at adoption in some form, according to authorities. . . .

It may be combined with plans for a tap issue to be sold to banks, it is added. . . . Securities would be available for bank purchase at any time, would be sold with a set coupon, subject to change at dates to be fixed in advance. . . . Ajustable coupon idea seems to be original. . . . It hasn't any precedent in any other major country, it is reported. . . .

Inside The Market

Pessimistic sentiment seems to be gaining in Wall Street, due to income tax time plus approach of the spring season plus reports on the tax bill and bank positions. . . .

Several large dealers getting bearish, according to best indications. . . .

Another inside story is that people in authoritative positions in Washingfton are advising Morgenthau to let the market seek its own level and to abandon his pet idea of holding it at 2½% for longest-term Governments. . . . Feeling is Treasury should not have to maintain record-low borrowing rate at a time of such huge borrowings and such crisis. . . .

If story gains circulation, it could hurt the market. . . . Things of this kind "feed upon themselves." . . .

Major switch from taxables to tax-exempts still excellent plan, if you can manage it. . . .

Specific switches out of the 2s of 1955/51 and into the 2¼s of 1955/52 and out of the 2½s of 1954/52 or the 2½s of 1958/56 and into the 2¼s of 1955/52 still indicated too. . . . Get in on these before they disappear. . . .

One of the smartest dealers in the Street is following a policy of "only selling short. I'm not buying on the dips but I'm selling on the rallies." . . .

"The Ides of March" may not be so important but the coming spring weather is. . . . Activity in the war front then may disturb market. . . . Portfolio managers are planning accordingly. . . .

Government control devices are so powerful and many, though, that important decline in market could and would occur only with Treasury acceptance. . . . And that's where the other rumors come in. . . .

Gaylord Cummin Now At Tucker, Anthony

Gaylord C. Cummin has become associated with Tucker, Anthony & Co., 120 Broadway, New York City, members of the New York and Boston Stock Exchanges, in their municipal bond department, where he will interest himself in special municipal situations, institutional distributions and municipal research. Mr. Cummin was previously for many years with Reynolds & Company as adviser in municipal finance; prior thereto he was President of The Municipal Security Service.

Giblin To Be Partner In Hornblower-Weeks

Walter M. Giblin, member of the New York and Chicago Stock Exchanges, will become a partner in Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Exchange and other leading national exchanges, on March 16th. Mr. Giblin has been active as an individual floor broker in New York and prior thereto was with Hornblower & Weeks and was a partner in Paul H. Davis & Co.

Jo M. French Gets Air Corps Commission

Jo M. French, manager of the New York office of Alex. Brown & Sons, 2 Wall Street, has received his commission as a captain in the Army Air Corps.

Interested In Sugar?

An analysis of the Amalgamated Sugar Company prepared by Edward L. Burton & Company, 160 South Main Street, Salt Lake City, Utah, has just come off the press. Burton Company will send copies of this analysis or an analysis of the Utah-Idaho Sugar Company upon request.

N. J. Central Prospects

An interesting study has been prepared by Leroy A. Strasburger & Co., 1 Wall Street, New York City, outlining the prospects of Central Railroad of New Jersey and discussing current and potential values of its securities. Copies of the study may be had from Leroy A. Strasburger & Co. upon request.

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4054 New York, N. Y., Thursday, March 12, 1942 Price 60 Cents a Copy

Saturday Evening Post And Liberty Magazine Double Price; Nickel Publications Now Dime

Announcements were made on March 5 that the price of the "Saturday Evening Post" and "Liberty" Magazine will be increased in April from 5 cents to 10 cents. The increase is effective with the issue of April 11 for the "Post" and with the April 18 issue for "Liberty." Indicating in its March 5 issue an increase in the price on April 11 of the "Saturday Evening Post" from 5 to 10 cents, the Philadelphia "Record" said:

The subscription rate by the year will rise from $2 to $3 with the same issue.

The "Post" has been selling for five cents for a century or more, although some changes have been made in the subscription rates from time to time.

The Curtis Company raised the price of its "Ladies' Home Journal" from 10 to 15 cents with the February issue.

As to other increases in magazine prices, the New York "Times" of March 6 stated:

Effective with the May issues, the newsstand price of "Screen Guide," "Stardom" and "Movie-Radio Guide" will be advanced from 10 cents to 15 cents.

Hearst Magazines were reported to be testing in some areas a price of 30 cents for "Good Housekeeping" and Cosmopolitan" magazines, now selling at 25 cents.

The "New Yorker" magazine is also planning an increase in its subscription rate from $5 to $6 a year, effective April 30. Two-year subscription rate, now $7, will be $9. Individual copies will remain at their present price, 15 cents per issue.

Higher publishing costs were given as the main reason for the increases in prices.

FROM WASHINGTON AHEAD OF THE NEWS

The continued political trouble of Winston Churchill in Britain is almost of as much concern to the Roosevelt inner circle here as what is happening on the various fronts. Recent newspaper stories passed by the British censor, some of them very definite to the effect that the Prime Minister is on the way out, have had a profound affect. To the Conservatives there is certainly no comfort in the reports that the pinkish Cripps seemed to be on the way to succeeding him. It would seem to be significant that after the first flush of Cripp reports, other stories were passed by the censor to the effect that while he was enjoying an acclaim just now he would undoubtedly be knocked off before getting to the Prime Ministry. Perhaps it was considered necessary to quiet American conservative fears on this score.

But the removal of Churchill would be of tremendous importance to Mr. Roosevelt and to this country as a whole. One has only to realize that the whole war has virtually been fought on an understanding between these two men, not a written understanding, just their conversations. Presumably no other man in the world knows just exactly what has passed between them.

There is a rather general impression around official Washington that as a result of their conversations Churchill was to be permitted the leadership of the war and Roosevelt the undisputed leadership of the peace. The Senate Foreign Relations Committee now has before it a pact which it doesn't yet know whether to consider a treaty requiring the Senate's ratification, or just some kind of a gentlemen's agreement, whereby all lend-lease credits are, in effect, waived. After the war the two nations would just start off even with no trade barriers between them and together they would work for the removal of trade barriers all around the world.

It is all more or less simply an understanding between Roosevelt and Churchill. What becomes of it all if Churchill goes out? Presumably the two men have discussed what is to be done about Stalin? Presumably they have discussed what is to be done about the Dutch and British interests in the Far East. They have been understood to have a perfect meeting of minds, these two men. The meeting of minds came at a time, incidentally, when Churchill was not in a position to refuse Roosevelt anything, when his job, as he has so bluntly expressed it, was to get America into the war.

It is an amazing situation that these two men have constituted their governments. Now, what happens if one of them falls? Whether Churchill's successor should be Cripps or someone else, in his meeting Mr. Roosevelt's mind he wouldn't be at the disad-

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GENERAL CONTENTS

THE FINANCIAL SITUATION

On numerous occasions—on so many occasions that the practice may be said to have become habitual—the President has said that the "dictators" think that we, the democracies," have "grown soft," so soft that we are no longer willing, perhaps no longer able, to undertake effectively or to undergo the rigors essential to the defense of ourselves and ours against their aggressions. His obvious purpose is to arouse the rank and file to that "fighting pitch" which is essential to an "all-out" effort against our foes, or to hold them at such a pitch if it has already been reached. It may be excellent strategy in the use of propaganda, a field in which the President has repeatedly shown himself a master, but the allegation or the notion that we have "gone soft," whatever its source, should give us pause. It furnishes wholesome food for some very serious thought. It should stimulate very critical self-examination on the part of all thoughtful people both in this country and at least some of the others allied with us in this cataclysmic war.

Have we in fact "gone soft"?

It, of course, is a commonplace that all those against whom the German, and more recently the Japanese, might has been turned have, with the exception of Russia, proved almost incredibly ineffective and impotent. For this there are a number of reasons which bear upon the question here under study. In substantial degree failures of such countries as France, Belgium, Great Britain and the United States, so far as failure may be charged against this country, is to be traced to a want of pre-occupation with military matters or to an utter failure to grasp the potentialities of the scientific advances of two decades when applied to military operations. Such countries as Norway, Denmark and Holland have traditionally, in modern times at least,

(Continued on Page 1045)

We Hope! We Hope! We Hope!

Workers in the mills and mines are laboring long hours, under great pressure, to turn out the weapons and equipment without which the war cannot be won. Men and women in thousands of communities are giving their time and energy in the work of civilian defense. And out in the country farmers are straining every effort to produce the food which, like the tanks and planes, is absolutely indispensable to victory.

The members of each of these various groups know the extent to which they themselves are responding. But they do not always know what is being done by the others. And that gives an opportunity to the enemy to get in some deadly blows. That gives an opportunity to the enemy to spread malicious words.

Labor, says the evil whisper, is sabotaging the war program with strikes and slowdowns and demands for higher wages. Business, it says, is gouging the country with unconscionable profits. And the farmer, according to this treacherous voice, is using the war to grab all he can.

Now it happens that, as a result of the war program, the incomes of all three groups, on the average, are substantially increased. Of course, there are instances where a few business men or a few workers or a few farmers are demanding and getting more than they ought.

But, in general, the increase to the different groups has been kept fairly well in balance, and there has been only a moderate rise in the cost of living in city and country up to now.

***It seems to me that we ought to feel proud of the undoubted fact that we are getting cooperation and a reasonably fair balance among 90% of our population and that if less than 10% of the population is chiseling, we still have a pretty good average national record.*—The President of the United States.**

Many, we are confident, wish they could feel as assured about some of these things.

And where would the President place the aggressive reformer-politicians by whom he is surrounded?

Among the 90% or the 10%?

February War Spending Reaches Record High

War spending reached a new peak of $2,201,081,089 in February, it was reported from Washington on March 3 in Associated Press advices. According to this account, based on Treasury figures, the February total was $100,000,000 more than the total for January, which had three more days, and was nearly four times the rate of February last year. The Associated Press further reported:

February costs brought defense-war spending for the first eight months of the fiscal year to $12,516,021,882. The government will have to spend nearly that much more in the remaining four months of the year to meet President Roosevelt's budget estimate of $23,996,525,400.

Including other governmental costs, total Treasury expenditures last month were $2,629,839,201, bringing the eight-month over-all total to $16,813,666,775. Revenues in this period were only about a third of expenditures and the eight months' deficit soared to the record figure of $11,312,132,576.

Far West Business Continues Upsurge

California and Far Western business continued its upsurge during January, the volume being 5% higher than December and 28% higher than a year ago, according to the latest Bank of America (California) "Business Review." The bank's business index rose to its highest point so far—162% of the 1935-39 average. Retail trade, says the "Review," reached record levels for January, "a good deal of this activity probably due to the fact that every time production of an article is curtailed or stopped a rush to buy that product occurs." Department store activity was 32% higher than a year ago, and there was a gain of 40% in the sales of principal apparel stores, "substantiating the report that many people have been stocking up on clothing in anticipation of higher prices, shortages and inferior quality," says the "Review." It adds that retail trade is continuing the same brisk pace in February.

Duplicate Defense Bonds Stubs Return Is Ended

Member banks and certain other issuing agents of United States Defense Savings Bonds in the Second Federal Reserve District were advised on March 4 that, effective immediately, they will not be required to return to the New York Federal Reserve Bank with their remittances the duplicate (salmon-colored) stubs attached to United States Defense Savings Bonds, Series E, sold or spoiled in the process of issuance.

The announcement, issued by Allan Sproul, President of the Reserve Bank, added:

Notwithstanding this change in procedure, Series E bonds received by you in the future will continue to carry both original and duplicate stubs because certain other issuing agents, such as business corporations which issue bonds to employes under payroll allotment plans, will continue to be required to return duplicate stubs for statistical purposes. Moreover, the duplicate stub forms a backing for the bond and affords protection for both the bond and the original stub.

Duplicate stubs attached to Series E bonds sold or spoiled by you may be retained by you as part of your records; or if you do not wish to retain them, they may be destroyed.

Editorial—

Diminishing Returns

There is an unwritten law which, if not an inevitably applicable natural law, certainly has a decided bearing upon many phenomena and upon almost all human activities. This is the law of diminishing returns, which the Treasury in Washington might well take into sober consideration in formulating a tax program so vast and complicated that it is likely to defeat some of its own ends. It is a law which the price regulators, the priorities ordainers and other directors of the war effort ought to study carefully.

Students of physics and of economics alike encounter this law in their school days. It usually gained familiar illustration by comparing the amount of fuel used by a locomotive traveling, say, at sixty miles an hour with the amount needed for seventy miles an hour. The extra ten miles an hour used up fuel at a sharply accelerated rate that, in many instances, made the higher speed "uneconomic." And when the comparison was carried to eighty miles an hour or more the extension beyond the optimum speed became sheerly wasteful.

Into the ears of automobile users and drivers now is being dinned much information which reflects the applicability of the law of diminishing returns. Car tires wear with excessive and uneconomic rapidity at speeds above forty miles an hour, and everyone is being adjured to remain within that limit. Gasoline is consumed above certain speeds at a rate that rises in geometric progression rather than arithmetically.

All of this is useful and appropriate, and it might be carried a good deal further. The public might well be informed that it is defeating its own desires in hoarding of currency, and in the hasty home stocking of sugar, cloth, paper and many other materials in which a shortage impends or is feared. Quite needless "shortages" have been occasioned temporarily, in recent months, by panic buying of some commodities in which the country is rich beyond the possibility of a continued lack.

Our Washington overlords of priorities, of allocations, of prices and of consumer rationing are certain to receive some jolting reminders of the law of diminishing returns. There are already signs of "bootleg" or "black market" activities where the regulations are too harsh or unwise. Our British cousins are struggling with black market activities on a scale that has become a national scandal. We are not immune from psychological and other reactions which affect Britons in a manner that tends to defeat a stated end.

In the field of taxation the law of diminishing returns operates with special efficacy and with a grim directness that often has left the devisers of taxes wide-eyed and helpless. The Treasury in Washington currently is much perturbed over a startling growth of illegal distilling and of the surreptitious, tax-free distribution of such distillates. The high taxes on alcoholic liquor begin to defeat their own ends and the Treasury impost simply is being evaded by the bootleggers.

These are instructive developments at a time when the Treasury calls for taxation increases of $9,610,000,000 on top of the tremendous levies voted heretofore, the whole being designed to bring in some $27,000,000,000 of annual revenues. We are told by Secretary Morgenthau that this unprecedented tax bill not only would supply at least a good part of the revenues needed to win the war, but also would counteract inflationary tendencies. The aim of raising the greatest possible amount of taxes in the present war emergency is one with which everyone instantly must be in hearty agreement, and there is equally little quibbling to be done over the restraints on undue inflationary phenomena which such a program might impose.

But the Treasury and Congress might well pause, as they study this tax proposal, and consider the law of diminishing returns. Many a business has been taxed out of existence in the past, and many a Boston Tea Party has resulted from unfair levies. There is no way of predicting the ultimate effect of the proposal now laid before the country, for there is simply no precedent for the extent and range of taxation asked by Mr. Morgenthau. Certain tendencies nevertheless are evident, and they suggest the need of caution if not of substantial revision of the tax program.

Taxes are an inescapable and, indeed, a first charge upon any honest business, and they enter into the prices of honestly made products. Price advances which verge on inflation well may follow for this reason alone, if the tax rise is not carefully and prudently effected. The levies upon individuals are so harshly raised, in the middle-income groups, that extensive borrowing to pay the tax bill may become unavoidable, and such borrowing would be inflationary.

Raising of the corporate tax levies to the heights suggested by Mr. Morgenthau might defeat the Treasury aim in several ways. The incentive to make profits would be seriously diminished, which is a factor that operates in the higher individual income brackets with the same effect. Prudence is displaced by carelessness as to economic operations, if savings are not retained in any event by the savers. The whole program begins to be suspect if large groups of the population continue to remain outside the tax sphere through personal exemptions, and the reaction of this upon the groups that find their taxes multiplied is plain.

Editorial—

Admiral Mahan Or Colonel Kernan

Alfred Thayer Mahan, of the United States Navy, evolved a theory of the dominance of sea power in the relationships of international history which he exploited in a famous series of historical works, the first published in 1890 and the last in 1913. First presented in *"The Influence of Sea Power upon History, 1660-1783"* this theory almost immediately attracted the support of Theodore Roosevelt; Kaiser Wilhelm II directed that it and a subsequent volume, *"The Influence of Sea Power upon the French Revolution and Empire, 1793-1812"* should be placed upon all ships of the Germany navy; and the author received distinguished honors both in Europe and in his own country. His books, "as they appeared," states an authority, "were translated into many languages, and, . . . were nowhere more assiduously studied than in Japan." He was called "the first philosopher of sea power" and, undoubtedly his "books afforded perfect propaganda," as Allan Westcott declares, "for the naval expansion already under way in Great Britain, Germany, and America." Probably without much if any examination, most of Theodore Roosevelt's successors in the Presidency, including the second Roosevelt and nearly all those in authority in Congress and elsewhere during the last half-century, have regarded the Mahan theory as doctrine immutably established, and certainly for much more than a generation it has effectively controlled our public policy. That theory itself is best disclosed, at least for present purposes, by illustration, using extracts from concluding paragraphs of Admiral Mahan's final chapter in his second work. To this chapter he gave the title "Function and Policy of Great Britain in the French Revolutionary Wars" and in it, writing of the events which led to the final defeat of Napoleon, he said:—

"The true function of Great Britain in this long struggle can scarcely be recognized unless there be a clear appreciation of the fact that a really great national movement, like the French Revolution, or a really great military power under an incomparable general, like the French Empire under Napoleon, is not to be brought to terms by ordinary military successes, which simply destroy the organized force opposed. . . . Two Napoleons do not co-exist. . . . Not till enthusiasm has waned before sorrow, and strength failed under exhaustion, does popular impulse, when deep and universal, acquiesce in the logic of war . . . but, if the course of aggression which Bonaparte had inherited from the Revolution was to continue, there were needed, not the resources of the Continent only, but of the world. There was needed, also a diminution of ultimate resistance below the stored up aggressive strength of France; otherwise, however procrastinated, the time must come when the latter should fail.

"On both these points Great Britain withstood Napoleon. She shut him off from the world, and by the same act prolonged her own powers of endurance beyond his power of aggression. This in the retrospect of history was the function of Great Britain in the Revolutionary and Napoleonic period; and that the successive ministries of Pitt and his followers pursued the course best fitted, upon the whole, to discharge that function, is their justification to posterity. It is the glory of Pitt's genius that as he discovered the object, 'Security', so likewise he foresaw the means 'Exhaustion', by which alone the French propaganda of aggression would be brought to pause. The eloquent derision poured upon his predictions of failure from financial exhaustion, from expenditure of resources, from slackening of enthusiasm, recoils from the apprehension of the truth. He saw clearly the line of Great Britain's action, he foresaw the direction of events, he foretold the issue. How long the line would be, how the course of events would be retarded, how protracted the issue, he could not foretell, because no man could foresee the supreme genius of Napoleon Bonaparte."

It was Admiral Mahan's theory, that all important wars could be made to conform to the formula suggested by the foregoing. Such lengthy quotation is warranted, therefore, by the fact that the principles of warfare which he proclaimed have suddenly come under attack. They have long controlled British and American practice, they guided those nations to the successful termination of the First World War, they are apparently being taken for granted at the present time by the leaders of both countries and are being applied against the Axis powers throughout both Hemispheres and upon all the navigable seas. But now comes a Lieutenant-Colonel upon the active list of the Army of the United States, W. F. Kernan, and, in a book that is being widely read and ought to be widely read (Defense Will Not Win the War), categorically insists that "Mahan was wrong," arguing confidently and boldly for immediate adoption of an entirely different and conflicting

policy against Germany, which he singles out as the enemy at the present time to be chiefly considered. Specifically, his program would demand forthwith moving an American Expeditionary Force across the Atlantic and through the Mediterranean, to be debarked upon the cost of Italy, which he describes as the "Achilles heel of Germany," "the solar-plexus of the Axis." Japan, in his view, is of merely secondary importance, or less. He declares that "we must strike towards Europe," "we must strike soon and hard," and there should be no doubt as to where the first blow should fall, because "every sign post of victory points towards Italy." And, although it may be necessary to equip and launch two expeditionary forces and prepare two offensives, one against Japan in addition to the primary effort against Germany, that against the Asiatic empire must be kept so far secondary that never shall its strength be comparable with that sent directly against Hitler, through Italy. "We must launch a major offensive in Europe. We must strike at Adolph Hitler. On no account must we let the war with Japan deflect us from our central purpose or weaken our main effort."

Although Colonel Kernan concedes that the plan which he proposes may require enormous sacrifices, "sacrifices undreamed of by our heroic forefathers," he appears to be convinced beyond any residuum of doubt that already the force of the Axis powers has been largely expended, that they are severally and jointly at least at the stage which is the very verge of the exhaustion that Admiral Mahan represents is the end which sea power should be relied upon to produce in the countries dominated by any continental aggressor. Germany he describes as "bled white" by the losses of the unproductive Russian campaign in which she is still involved, as "bogged down" upon that front and already in the most critical moment of the whole conflict, as not now daring to relax her efforts in North Africa, as having reached the extremity of attenuation of her air forces which still permits them to be soundly employed. Japan, in his view, has been "gutted" by her decade of war with China and is suffering the penalties of "economic strangulation" and possession by "the eviscerating demon of militarism," while as to Italy, the Italians are "heartily sick" of the war and of their chief ally, disgusted with both Mussolini and Hitler, and therefore ready and anxious at the first opportunity to rid themselves of both. His argument is, in part, as follows:—

> "The Italian peninsula, as anyone can see by a glance at the map, lies in the strategic center of that world island which Hitler aspires to dominate. Without Italy, German influence over Spain and Vichy-France is weakened, the Balkan conquests rendered insecure, the chains loosened on the limbs of Greece. And with Italy in the hands of the enemy, Turkey will surely . . . join the Allies, and the Dardanelles, back door to Berlin, will be thrown wide open. . . . Italy is the solar-plexus of the Axis, and a right recognition of the tremendous opportunity involved requires that we undertake immediately, without a glance at Dakar or Martinique or North Africa, the stupendous, breath-taking, history-making task of the invasion of Italy."

This conception, if it is soundly grounded and practicable, is not less than Napoleonic. Colonel Kernan estimates the force required as commencing with 200,000 men. another 200,000 to follow every month until the achievement of victory. He asserts that the first 200,000 are at this moment available for one month's battle-training. while transports are being assembled at the ports of embarkation, and that the follow-up forces, 200,000 men monthly, can be made ready in strict accordance with his schedule. In addition to these men, and the supplies of munitions and subsistence which they would require, the plan would call for utilization of three-fourths of the whole American fleet, at least half of the British fleet, every transport ship controlled by both of these nations, and also every one of their bombing planes. With such support, sound initiative, resourcefulness, and courage, it is his opinion that no opposing force which is available could prevent landing of the expeditionary forces. He is so sure of this that he insists that the program could be published to all the world, especially to Hitler, Hirohito, and Mussolini, without any impairment of its potentials of success. His words are:—

> ". . . no military or naval effectives which they could muster, no counter measure which it is within their grasp to take, could slow us up by one second or narrow the scope of our effort by one inch. For Hitler has finally miscalculated, the German Army has over-extended itself, and the only hope for the Axis is that America, having persistently and stubbornly followed the wrong road for the last twenty years, will be unable to recognize the right road until it is too late to take it."

Of course the author does not contend that mere seizure of Italy would be the end. It would supply, however, the essential continental base for major operations on land that would be required, according to his doctrine, for complete success. From that base, not isolated from the fleets of the United Nations, or from those of Great Britain and the United States, but in sound co-operation with them, the war would proceed to the invasion and defeat of Germany. "This," he continues, "is the real meaning of the relationship of sea power to empire—not the brittle pseudo-empire of the Mahan theory, but the solid substantial *imperium* . . . of Rome."

Here are two diametrically opposed doctrines, both plainly applicable to an existing warfare and demanding almost instantaneous decision between them. For acceptance of either is final and irretrievable rejection of the other. It is significant and important that the demand for a course of action different from that apparently being pursued emanates from an officer of the Army whose exceedingly well-formulated arguments demonstrates long and profound study in the technique and history of warfare. It is not for any one less instructed to attempt to choose between the application to the imminent national need of the doctrine so thoroughly elaborated by Admiral Mahan and generally accepted at home and abroad, and the radically different doctrine so attractively and ably argued by Colonel Kernan. Yet it may well be wondered whether the emergence from such a military source of an argument so plausible and so thoroughly documented does not indicate some restlessness within the armed forces under methods which appear to involve wide dispersion of military and naval energy and the scattering of available strength upon many separated fronts. At any rate, discussion, unless it is too greatly prolonged, can scarcely produce anything except good. Those principles of action which are too easily regarded as established beyond the need of re-examination may, if they were originally applied without recognition of their limitations or when conditions have radically altered, prove to be most dangerously, even fatally, misleading.

The State Of Trade

Business reports generally continued to reflect the increasing tempo of industry. Most of the larger industries show further expansion, being especially noticeable in steel. Steel production in the United States reached a new all-time high this week with the average of plant and furnace operations at 97.4%, according to the American Iron and Steel Institute's latest announcement. The industry's annual capacity is 88,566,170 net tons. Operations last week were at 97.2% and a month ago the indicated rate was 95.5%.

The retail trade failed to record any appreciable rise in sales volume during last week, according to Dun & Bradstreet, Inc., and this despite the fact that spring buying appears to be developing steadily. Retailers reported continuing signs of a moderate reaction in some lines from the heavy stock-up purchasing that got under way in January. However, the Federal Reserve Bank of New York reports that department store sales in New York and Brooklyn for the week ended March 7th, were up 23% over a year ago. This would seem to indicate that there is little or no slackening of consumer buying despite the imminence of income tax payments.

In wholesale lines trading activity was termed irregular, reflecting both a more cautious attitude toward further large scale commitments among buyers and the increasing tightness of supplies. Industrial output meanwhile continues to be maintained in the face of conversions to war materials.

Overall industrial activity shows further acceleration, notwithstanding temporary readjustments involving suspension of operations as plants change over to war work. The adjusted Federal Reserve Board index of industrial production—which reached 170% of the 1935-1939 average in January, is estimated to have gained another point or so during February. Industrial activity is expected to hold at an even level for another month or so, as the rapid expansion in war production is offset by curtailment in civilian goods production.

One measure of the conversion of civilian plants to war production is the volume of temporary unemployment caused in such dislocations. During January, for example, the Federal Works Agency reported 1,000,000 workers with job connections but not working. This compared with half that number in the previous month. The volume of dislocated workers is expected to rise. On the other hand, employees in war plants will be going on longer hours, thus offsetting the civilian decline, observers state.

A sharp rise in industrial activity is expected during June, when many temporarily unemployed persons will have been reabsorbed and new war plants will go into operation.

Loadings of revenue freight for the week ended Feb. 28 totaled 781,419 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 6,824 cars over the preceding week this year, 24,749 cars more than the corresponding week in 1941 and 146,783 cars above the same period two years ago.

The total was 126.97% of average loadings for the corresponding week of the ten preceding years.

Electric production declined 0.4 of 1% in the week ended Feb. 28 to 3,409,907,000 kilowatt hours from 3,423,589,000 in the previous week, according to the Edison Electric Institute. The latest output was 13.9% above the 1941 comparative of 2,993,253,000 kilowatt hours.

The Bell System companies recorded a gain of about 109,900 telephones during February, compared with 109,500 in January and 118,600 in February 1941, it was announced recently. These principal operating subsidiaries of the American Telephone and Telegraph Co. had an increase of 216,500 instruments during the first two months of 1942, compared with a gain of 247,800 in the corresponding period of last year.

At the end of February there were about 19,057,900 telephones in the Bell System.

It is becoming increasingly evident that there is a great need for a national labor supply board to assure efficient utilization of the labor resources of the nation. The situation becomes more and more acute as the war effort expands. With unnecessary migration of workers seeking higher wages in new arms plants, by enlistment in the armed forces of valuable employees and by regional labor shortage resulting from the very rapid expansion in personnel needs of defense industries of certain communities, the danger grows that war production may be seriously curtailed.

It has been estimated that employment in defense industries, which already aggregates some 5,000,000 workers, will be tripled when war production is at its maximum. The armed forces will require more than 2,000,000 additional men over the next year, it is said. Obviously, if care is not exercised, armament plants will presently be attracting many qualified workers from other war industries through offering higher pay and other inducements. Already, it is stated, workers are leaving jobs in essential industries in large numbers to flock to communities where it is reported that openings exist at high wages in newly completed factories. It is pointed out that not only does such labor migration disrupt production, but it gives rise to a floating supply of experienced workers that is withdrawn temporarily from the nation's labor supply.

House Defeats Move To Suspend 40-Hour Week

By an overwhelming vote of 226 to 62, the House on Feb. 27 defeated a proposal to suspend the 40-hour work week and overtime provisions of 17 Federal laws for the duration of the war. The proposal sponsored by Representative Smith (Dem., Va.) was offered as a rider to the Second War Powers bill. Rejection came after strong opposition to Mr. Smith's amendment was voiced by Administration leaders and by the heads of the American Federation of Labor and the Congress of Industrial Organizations. Prior to this vote various compromise proposals were rejected.

Organized labor's opposition was set forth in telegrams sent by William Green, AFL President, and Philip Murray, CIO head, to Representatives McCormack, the majority leader, and Martin, the minority leader. Mr. Green's telegram said that the Smith amendment would not lengthen working hours since there is nothing in existing law preventing workers from being employed for more than 40 hours a week. He added that the real purpose was to "absolve employers of sweated workers, who do not have the protection of unions, of the requirement of paying such workers overtime rates for work in excess of 40 hours a week."

Mr. Murray declared that "the sole effect of the proposal would be to increase swollen corporate profits to excessive heights."

Hails Agreement On Ecuador-Peru Frontier

Ratification of the agreement terminating the 100-year-old boundary dispute between Ecuador and Peru was hailed by Sumner Welles, Acting Secretary of State, on Feb. 28. The agreement had been worked out by the Foreign Ministers of Peru and Ecuador, in conjunction with representatives of Argentina, Brazil, Chile and the United States, at the recent Inter-American Conference at Rio de Janeiro.

In commenting on the termination of the boundary controversy, Mr. Welles said:

> The final solution of this long pending controversy is a matter of deepest satisfaction to the Government of the United States. It affords a further proof of the ability and determination of the American republics to settle all disputes between them by pacific methods.
>
> It has been a privilege for this government to have been able in association with the governments of Argentina, of Brazil and of Chile to participate in the extension of its good offices in furthering this final settlement.

Bill Is Passed By House Raising Debt Limit To $125 Billion To Cover Country's War Needs

The bill embodying the Treasury Department's recommendations to increase the national debt limitation from $65,000,000,000 to $125,000,000,000 was unanimously approved by the House Ways and Means Committee on March 6, after Secretary of the Treasury Morgenthau had appeared before the committee on that day and advised them of the urgency in promptly enacting the measure. The House also took speedy action in disposing of the bill, passing it on March 10 by a vote of 367 to 0.

The bill was introduced in the House on Feb. 27 by Representative Doughton (Democrat) of North Carolina, Chairman of the House Ways and Means Committee. Secretary Morgenthau announced on Feb. 27 that the Federal debt surpassed $62,250,000,000 on Feb. 25 and was rapidly nearing the limit due to heavy war expenditures. He disclosed early in February that the Treasury might request that the debt limit be raised to $110,000,000,000 or be removed altogether, and this was noted in our Feb. 12 issue, page 672. Respecting the debt figure of Feb. 25, Associated Press advices Feb. 27 stated:

> The Treasury said the big jump resulted from the recent sale of a new bond issue and raised the debt to $62,252,495,250 Feb. 25. Since part of the Treasury's borrowing powers must be reserved because of the automatically increasing value of defense bonds, the Treasury now has less than $2,000,000,000 of borrowing authority left.

In his statement to the House Committee on Feb. 27 Mr. Morgenthau said that "the balance of our borrowing authority at the end of February, 1942, was about $1,400,000,000." "By the end of March," he went on to say, "it is anticipated that the borrowing authority will be insufficient to cover the debt issues that will be required during the month of April."

In his budget message to Congress in January, President Roosevelt estimated that at the end of June, 1943, the public debt would approximate $110,000,000,000.

The national debt limit was raised in 1940 from $45,000,000,000 to $49,000,000,000 in order to provide for issuance of $4,000,000,000 of short-term defense obligations, and in February, 1941, the present limit of $65,000,000,000 became effective.

During his appearance before the committee on Mar. 6 Secretary Morgenthau, reviewing the Treasury's over-all fiscal operations, expressed opposition, at this time, to any plan of "forced savings" to obtain additional revenue. He said in answer to a question by Representative Robertson (Dem.), Virginia, that he hoped the committee would not "force on me forced savings." This is learned from Associated Press accounts from Washington Mar. 6, from which we also quote:

> "We are just getting under way with the voluntary basis," he said. "All indications are that the people are going to respond in a big way and you can't have a forced basis and a voluntary basis—they don't go hand in hand.
>
> "If the time comes that I am fearful that we can't get enough on the voluntary basis, I'd like the privilege of coming before this committee and saying so."
>
> The Secretary said that the Government had borrowed $4,300,000,000 through defense savings bonds since last May—$1,000,000,000 being obtained in January—and that 68% of all companies in the United States employing more than 500 persons had inaugurated a voluntary payroll deduction program to facilitate purchase of the bonds and defense stamps.

Besides increasing the debt limitation to $125,000,000,000 the bill proposes certain changes in the Treasury's authority incident to the conduct of its financial operations. Mr. Morgenthau detailed these changes in his statement to the committee from which we quote briefly as follows:

> 1. Authorizing the Secretary to issue Treasury marketable securities on a discount basis or on a combination interest-bearing and discount basis.
>
> 2. Authorizing the Secretary to accept in his discretion obligations of the United States which are redeemable upon demand in payment of any taxes imposed by the United States.
>
> 3. Authorizing the Secretary to offer any new Treasury obligations in exchange for outstanding obligations of any agency or instrumentality of the United States which are guaranteed by the United States as to both principal and interest.
>
> 4. Clarifying the authority existing in section 19 of the Second Liberty Bond Act, which as originally enacted in 1934, was intended to permit the Treasury to buy any of its securities in the market at or before maturity out of the proceeds of any public debt securities previously sold.
>
> 5. Authorizing the Postmaster General to transfer the liability for outstanding postal savings stamps to the Treasury, his authority to issue such stamps being terminated as of the date when the Treasury makes Treasury savings stamps available to the public under section 22 of the Second Liberty Bond Act. as amended.
>
> 6. Inclusion of provision to remove the tax-exemption privileges on income from shares of stock issued by Federal agencies and instrumentalities which were inadvertently omitted from a similar provision in the Public Debt Act of 1941.

The following is Secretary Morgenthau's statement in full, as contained in advices to the New York "Herald Tribune" from its Washington bureau.

> I am appearing before you today in support of H. R. 6691 which raises the limitation on the power of the Treasury to issue public debt obligations under the Second Liberty Bond Act, as amended, from $65,000,000,000 to $125,000,000,000, and provides greater flexibility to enable the Treasury to conduct its war-financing operations. On previous occasions I have stated that I favored this periodic review by the Congress of the situation with respect to the public debt. I think it serves a useful purpose. It brings to the attention of the Congress and the public the condition of the public treasury.
>
> It is urgent that this bill be promptly enacted. The balance of our borrowing authority at the end of February, 1942, was about $1,400,000,000. By the end of March it is anticipated that the borrowing authority will be insufficient to cover the debt issues that will be required during the month of April.
>
> In January, 1941, I appeared before your committee in support of a bill to increase the total borrowing authority from $49,000,000,000 to $65,000,000,000. It appeared at that time that a limitation of $65,000,000,000 would be sufficient to enable the Treasury to finance the estimated deficit in the budget until the end of the present fiscal year and provide some margin. But we could not foresee then that we would be engaged in war that would require our all-out effort. Our defense program at that time amounted to approximately $28,500,000,000 in appropriations, contract authorizations and recommendations. The war program now exceeds $140,000,000,000, exclusive of commitments by governmental corporations.
>
> The 1943 budget submitted to the Congress early in January indicates that the deficit for the current fiscal year ending next June 30 will amount to $18,600,000,000 and, in addition, that the Treasury will be required to advance to governmental corporations approximately $3,000,000,000 to finance their activities. On the basis of these estimates the public debt on June 30, 1942, will amount to $70,600,000,000.
>
> The estimated deficit in the fiscal year beginning July 1, 1942, after taking into consideration contemplated additional budgetary revenues of $7,000,000,000 from new tax legislation, will amount to $35,400,000,000. We will also be required to raise $4,400,000,000 for governmental corporations. The estimated increase in the public debt for the fiscal year beginning July 1, 1942, based on these estimates, will thus be $39,800,000,000 and leave us with a public debt on June 30, 1943, of $110,400,000,000.
>
> While these figures are high in amount, they are made necessary by the great task to which the Congress and the American people have dedicated themselves, namely, the task of winning this war. Whatever the cost may be, we are ready to face it. We are strong enough to bear it, and we know that it will be worth it in the end. As I have suggested before, our production of overwhelming quantities of war materials, an effort that makes this debt necessary, should frighten no one but our enemies.
>
> The bill before you proposes certain changes in the authority of the Treasury to conduct its financing operations in addition to the increase in the debt limitation. Briefly, these are as follows:
>
> 1. The Secretary of the Treasury would be authorized to issue Treasury marketable securities on a discount basis or on a combination interest-bearing and discount basis. At the present time we have authority to issue regular marketable securities on a discount basis only if the maturity date is not more than one year after their date of issuance. We also have authority to issue savings bonds on a discount basis. But this additional authority would give the Treasury more flexibility and permit it to design its issues to conform more closely to the investment requirements of particular classes of purchasers.
>
> 2. The Secretary of the Treasury would be authorized to accept in his discretion obligations of the United States which are redeemable upon demand in payment of any taxes imposed by the United States. This, in effect, can now be accomplished by the holder of such obligations turning them in to the Treasury and getting the cash and then using the cash to pay taxes. The new authority would simplify the procedure and would make it more convenient to the taxpayer.
>
> 3. The Secretary would be authorized to offer any new Treasury obligations in exchange for outstanding obligations of any agency or instrumentality of the United States which are guaranteed by the United States as to both principal and interest. The Treasury has taken over all the financing of the various governmental agencies which formerly issued marketable guaranteed obligations and now provides them with funds by purchasing their securities. We are also in process of refunding the outstanding guaranteed obligations of these agencies into Treasury securities, but in view of the language of the various statutes under which guaranteed securities are issued, it is now necessary to refund them indirectly by purchasing the guaranteed security and selling the holder a Treasury security. This proposed amendment would simplify these operations and permit us to offer Treasury securities directly to the holders of these guaranteed obligations in exchange for such obligations, in the same manner as Treasury securities are now refunded.
>
> 4. A provision is included to clarify the authority existing in section 19 of the Second Liberty Bond Act, which as originally enacted in 1934, was intended to permit the Treasury to buy any of its securities in the market at or before maturity out of the proceeds of any public debt securities previously sold. The present language, however, is ambiguous and might be interpreted to mean that the authority may only be used, in effect, for the exchange of one security for another. This amendment would clarify the language in that section.
>
> 5. The Postmaster General would be authorized to transfer the liability for outstanding postal savings stamps to the Treasury, and his authority to issue such stamps would be terminated as of the date when the Treasury makes Treasury savings stamps available to the public under section 22 of the Second Liberty Bond Act, as amended. The Treasury will then assume the liability for redeeming such outstanding stamps and such stamps will become a public debt obligation.
>
> When we initiated our present defense savings program last year we deemed it advisable to utilize the facilities of the postal savings system because it was already issuing savings stamps and had the facilities for immediately carrying out an expanded program. The question is now often raised by the purchaser of postal savings stamps as to whether the funds thus provided go into the Treasury for the purpose of helping to pay for the national defense. Of course such funds do come into the Treasury and they are available for that purpose, but it is sometimes a little difficult for the purchaser to understand. In view of the fact that the defense savings program is carried on in the Treasury, I believe that it would clarify the whole program if we could eliminate postal savings stamps and issue instead Treasury savings stamps. These new stamps could also be sold through post offices as well as other agencies. The Postmaster General concurs in this proposed change.
>
> 6. A provision is included to remove the tax-exemption privileges on income from shares of stock issued by Federal agencies and instrumentalities which were inadvertently omitted from a similar provision in the Public Debt Act of 1941. This would put these shares of stock on the same basis as obligations issued by the United States and by its agencies as provided in the Act enacted last year.
>
> With this enlarged borrowing program before us it is necessary more than ever that the Treasury exert every effort to obtain its funds from the current income of the people. We have, therefore, materially expanded our campaign to sell defense savings bonds. Since last May 1, when the present defense savings bond program was inaugurated, we have received approximately $4,300,000,000 in cash through the sale of these securities. Up to Dec. 1, just prior to the attack on Pearl Harbor, the sale of these securities averaged about $300,000,000 a month. In the month of December we sold $500,000,000, in the month of January more than $1,000,000,000, and in the month of February approximately $700,000,000. The American people are responding splendidly to our efforts to place these securities in the hands of the real investing public. Within the last few months we have inaugurated a plan for voluntary payroll deductions to purchase savings bonds. Many business institutions have already adopted such plans and the number is increasing each week. At the present time nearly one-half of all persons working in trade and industry have this method for buying savings bonds available to them. It is hoped that within the course of the next few weeks practically all businesses will have adopted these plans.
>
> The Treasury has a tremendous program ahead of it. No one appreciates the magnitude of our problems better than those of us in the Treasury. We are facing the facts squarely, and we are working continuously in our endeavor to finance the war program as much as possible from current savings in order that our fiscal operations may be a positive force in winning the war and in preventing inflation.

Price Control Is Not Anti-Trust Violation

Any danger that agreements made by industry members with the Office of Price Administration pursuant to the Emergency Price Control Act of 1942 would violate anti-trust laws is removed by the terms of the Act, Price Administrator Leon Henderson stated on March 9 in response to queries raised recently. Mr. Henderson said:

> Such agreements are now authorized by Act of Congress. The Emergency Price Control Act of 1942, in Section 5, specifically provides that ". . . the Administrator is authorized . . . to enter into voluntary arrangements or agreements with any . . . persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act. . ."
>
> The Office of Price Administration may thus proceed, under its own power, to complete agreements which will prevent undue price increases. Formerly we had acted in accordance with letters from the Attorney General granting permission to make such agreements. Under the new statutory procedure the Attorney General is furnished with a copy of the agreement after it has been entered into. While we shall continue to work in close collaboration with the Department of Justice, the protection afforded to our voluntary agreements with industry is now statutory.

Mr. Henderson further emphasized that the Office of Price Administration will continue to rely upon such voluntary agreements since the wholehearted cooperation of industry has been and will be an important aid toward the type of price control essential to our war effort.

THE FINANCIAL SITUATION

(Continued from First Page)

depended upon a careful observance of their neutral position and what was hoped to be an absence of designs upon themselves by much more powerful neighbors rather than their own military might which never could hope to be adequate if seriously attacked by such countries as Germany. The United States has never in its history over any extended period of time, devoted more than rather incidental attention to armament and preparation for war. It has never entered a major war "prepared" in the European sense. Great Britain has rarely, save as to her Navy, been really ready for war on a large scale. If this lack of warmindedness, this complacent reliance upon outmoded armament and techniques, or this want of alertness as to what was taking place in the world is to be considered "softness" or regarded as indicative of having "gone soft," there are a number of "democracies" which must plead guilty as charged—although such a process of "going soft" certainly has no very recent origin.

Serious "Softness"

If upon examination the facts appear to warrant the conclusion that this want of effectiveness was confined to the military sphere, the significance of the finding must be regarded as very different from that which must be attached to a discovery that corresponding conditions have for a decade or two at least existed in other departments or spheres of our existence. Neglect of armies and armament may, of course, arise from preoccupation with other pursuits. Defenselessness could be accompanied by great productiveness and exceptional progress in the satisfaction of human wants. "Softness" could take the form of a devotion to peaceful pursuits which precludes giving much attention or thought to war even in defense. Other and far more disabling forms of "softness" may, however, afflict a people. One of them is the absence, at least in full strength, of "drive," as the psychologist calls it, which keeps the individual insistently and persistently on the go to reach objectives deemed desirable. A people once restless, ambitious, over-flowing with energy, and determined to better their position or condition, may become slovenly and sluggish—largely contended with things as they are. Indifference, complacency, indolence, and general shiftlessness crowd out their former vigor and "push." Another type of "softness" may prevail amid the strongest discontent with conditions as they exist. It takes the form of unwillingness to do those things which are necessary to render the state of affairs really and permanently more satisfactory to those who complain, a refusal to submit one-self to the discipline, self-imposed or otherwise, essential to economic or any other sort of progress, and a general attitude toward work which seriously impedes, if it does not preclude, what has always been by progressive and vigorous peoples regarded as achievement.

In such a state the public become easy prey to rather simple-minded professional reformers and shrewd, designing politicians—particularly, perhaps the reformer-politician certain very quickly, to appear upon the scene—who encourage the shiftless to believe that somehow the "world" owes them a living and the discontented to suppose that the source of all difficulty is to be found in the manner in which goods produced are divided or distributed. The impression soon prevails in many quarters, that there is always some way to get much for nothing—some royal road to ease and comfort. Production and productiveness are certain soon to take second place to all manner of schemes to increase one's share in what is produced and to "regulate"—better said, perhaps, "punish"—those who by their own initiative, energy and ability manage somehow to acquire more than the average share of current output. Work is regarded as an evil more or less necessary, but to be avoided where possible. "Softness" of these types goes deep. In peace times it steadily undermines the competitive position of nations so afflicted and lays the groundwork for military impotency when war comes. If not quickly eliminated when war begins, it spells disaster—assuming, of course, that the foe is not similarly afflicted.

"Gone Soft"?

Here is the vital question for us all to ponder long and carefully: What seems to have been, and still to be, the state of things in these respects in France, Great Britain and the United States over against that in Germany and Japan—and even Russia? To be sure, Russia is at present aligned with the so-called democracies against Germany, a fact for which we all must be profoundly grateful, but over the long sweep of the future what takes place in Russia may well be of fully as much concern to the British Empire—and quite possibly to us—as the course of events in Japan and Germany. As to Germany, whatever may have occurred in that country between Versailles and the rise of Hitler, and whatever may be happening there now, no one is likely to question the emphasies during the past half-dozen years upon hard, consistent work, abundant production and frugal living. True, as judged by our standards, a disproportionate share of the effort, a cruelly disproportionate share, has been devoted to machines of destruction. True also, as judged by our standards, inhuman effort and excessive sacrifices have been required of the people of that country. Such things, however, whether we like them or not, are facts of vast international significance both in peace and war. The Japanese effort for years past, perhaps from the beginning of her industrial career, has, broadly speaking, been of the same sort. There may have been less compulsion, or less obvious compulsion, but hard work, vigorous initiative and frugal living in Japan have long been a thorn in our industrial side—and have made and are making her military successes possible. Unethical? Inhuman? Perhaps. But a fact to be reckoned with. As to Russia—whatever may have been true in early years of the Soviet rule, it has been plain for years past, that the all-embracing governmental regime in that country was in greater and greater degree centering its attention upon creative work, that is, production. For months past now, it has been equally clear that a surprising measure of success had been attending these efforts. No one can possibly doubt that herein lies the key to the astonishing success that the Russian armies have had in holding off the "wehrmacht." Emphasis upon armament production, even doubtless at the heavy expense of ordinary goods, would not have sufficed. Russia has been productive and hence able to amass the means with which to give Herr Hitler—and the world—the surprise of their lives.

Now what of France? What of Great Britain? What of ourselves? Certainly no argument is needed to demonstrate the fact that for years, at least prior to the spring of 1940, all three countries had been showing distressing symptoms of the basic general "softness" described in earlier paragraphs of this discussion. In some instances the complacent, indolent, self-satisfied type was in evidence. In others other types were conspicuous. Sometimes one form was predominant, as attest conditions in the British Empire in the Far East and at times even upon the British Isles themselves; sometimes another, as evidenced in the New Deal here and the Popular Front in France—to mention but briefly an outstanding case or two. After early 1940 France had no opportunity to redeem herself. The degree in which the British have succeeded, or are succeeding in doing so, is cretainly as yet not altogether clear. It might almost be said, that until Pearl Harbor we made little really serious effort to put our house in order. Sufficient time has not yet elapsed to be certain of the extent of our real progress since that date. It still remains for time to disclose how fully Great Britain and we have eliminated this deep-seated "softness" for the duration of and for the sake of winning a desperate war. Much more time must elapse before it can be known whether the infirmity will return after the war is over and in the course of the years again place us at a disadvantage in comparison with other peoples who retain both in peace and war the hardness, the thoughness, the ruthlessness, the willingness to work out their own salvations with their own hands, the "drive" which, whether to be admired or not, get things done and people ahead.

These are not, as often apparently supposed, matters necessarily resulting from forms of government. They are in point of fact, probably not even directly related to forms of government. History records many weak, many impotent, many peaceful despotisms, and more than one vigorous and even agressive self-governing people. The ever present and growing menace of Germany may well have had more than any individual or group of individuals to do with the course of Russian history during the past dozen or more years. The cramped circumstances in which the German people found themselves for many years after the World War, made Hitler and Hitlerism possible. Stark necessity has made Japan aggressive and hard. The want of such conditions may, in part at least, be responsible for "softness" elsewhere. As a rule, a people is what it makes itself, and all peoples must of necessity work out their destiny in the world in which they find themselves—a world inhabited by many other peoples. We, all of us, should be wise to mull these facts over carefully when charges of "softness" are made or cited.

Want Double Indemnity For Savs. Bank Ins.

Bills introduced on March 4 in the New York State Legislature by Senator Williamson and Assemblyman Stephens would permit the Savings Bank Life Insurance System to issue double indemnity for accidental death, waiver of premium in case of disability, and an additional $3,000 of mortgagor term insurance to protect home owners on the death of the breadwinner In making this known on March 5 the Savings Banks Association of New York stated:

> Other amendments included in the bills are designed to clarify the language of the existing Act or to make more understandable and practical some of the routine functions. One of these would eliminate much unnecessary expense by enabling an issuing bank to issue a single policy up to $3,000, but reinsuring all amounts in excess of $1,000, instead of the present provision which requires that the excess over $1,000 be issued as separate policies written by other banks in the system. The reinsurance amendment retains the principle that no more than $3,000 shall be written on any one life. Sponsors of the bill state that substantial economies of operation will result from passage of this provision, and that reductions in cost would be passed along to policy holders in the form of dividends
>
> The bills are sponsored by the trustees of the Savings Banks Life Insurance Fund, by the Savings Banks Association of the State of New York, and by the Savings Bank Life Insurance Council—an organization composed of the issuing banks throughout the State.

The association also states:

> In a memorandum addressed to the legislators by the sponsoring groups, it is pointed out that the changes asked for in this proposed amended bill "will lead to material economies in operation, insure greater progress in the develment of savings bank life insurance, and greater benefits for those who buy this insurance if the simple suggestions herewith submitted are enacted into law."

Draft Bd. Asks Farm Data

Secretary of Agriculture Wickard has asked State and county USDA War Boards to provide the Selective Service System with factual data to assist local Selective Service boards in classifying properly agricultural registrants. From the Department's announcement we also quote:

> This action was taken as the result of the program of cooperation between the Selective Service System and the Department of Agriculture announced Feb. 17 by Brig.-Gen. Hershey, Director of Selective Service.
>
> The War Boards at the request of local Selective Service Boards, will furnish information on agricultural production goals, the size of farming units required to make a significant contribution to meet the goals, skills required for these farming operations, and the availability of workers possessing these skills. The information will be provided directly to State Headquarters and local boards of the Selective Service System by War Boards of the Department of Agriculture.
>
> The arrangement with the Selective Service System provides for War Boards to furnish information upon request and not to ask for deferment in the cases of individual registrants. Each claim for deferment must be handled by local Selective Service boards on individual merit.

On The Foreign Front

European Stock Markets

Small declines were reported day by day on the London market for securities, in recent sessions, owing to the steady succession of unfortunate war developments. The British market moved almost exclusively on the war news from the Far East, and it turned upward briefly only when vast American convoys were rumored to be moving across the Pacific Ocean. The general tone was dull, and little business was done.

Gilt-edged issues held their ground better than other sections, at London. Industrial and home rail shares eased slightly, in almost all trading periods. South African gold stocks were sharply depressed on news that an American mission is proceeding to the region with the aim of arguing for lessened gold production and a greater output of more useful war metals. Rubber, tea and tin stocks were not in demand.

Dealings on French markets were more active, according to Vichy reports. Issues of 4 and 4½% rentes with exchange guarantees were converted last week, on various options. Netherlands authorities in London state that shares of companies domiciled in their East Indies have risen sensationally on the Amsterdam Bourse, owing to buying by Germans who hope to realize something from the domination of the area by their Japanese associates.

Atlantic Sinkings

Oceanic shipping and supply problems of the war are becoming ever more prominent, owing to steady sinkings by the Axis of United Nations ships on our own Atlantic doorstep. Although the German claims are exaggerated, it is no longer disputable that dreadful inroads are being made upon the facilities available to the U. S. and to our associates of the United Nations. The Navy Department acknowledges these losses, it may be added, with more readiness than is manifested with respect to other important spheres of action.

Names of the ships sunk by the Axis often are withheld, for strategic reasons, but the accumulating evidence indicates that the results of the Axis activities in our coastal waters are being disclosed. Two unnamed ships were given up for lost, this week, because they were unreported, and the sinking of the freighter Gypsum Prince was acknowledged as the consequence of a collision off the Delaware Capes. Two more Brazilian ships were sunk, and the tanker Gulftrade was reported sunk, along with a number of small ships in the Caribbean.

All of this adds up to a considerable diminution of the shipping facilities available to the United Nations in general, and to the United States in particular. The building program of the United States bids fair to overcome this disability, but strikes in the shipyards can hardly be countenanced in the circumstances. It appears, moreover, that the Nazis have just commissioned the new battleship Graf Zeppelin, which possibly will be used against Atlantic shipping of the United Nations, along with other Axis warships on the Norwegian coast. In view of all this the shipping problem must assume first place in the military calculations of the United Nations.

Malay Barrier

Driving forward with terrific impetus, the Japanese enemy already has occupied much of the vital Netherland East Indian island of Java, and now is reaching out for the few remaining islands of the Malay Barrier, which fringe the China Sea and make it almost the equivalent of an inland lake, militarily speaking. All that now remains in the hands of the United Nations, in this vast area of the Southwestern Pacific, is the segment of Bataan Peninsula in the Philippines held by General Douglas MacArthur and his American and Filipino soldiers. Military experts seem to regard the relief of MacArthur as an impossible feat, not worth trying, and if this attitude prevails, the first great round of the Pacific Battle must be considered over, with Japan the victor. Other rounds will follow, of course, but it is hardly to be denied that the struggle will be protracted and immensely difficult.

Like all other battles in the far Pacific, save only that conducted by the intrepid and tenacious MacArthur, the struggle for Java was a brief one. Japanese troops landed at three points on the island, during the night between Feb. 28 and March 1. The Dutch defenders, augmented by at least some British, Australian and American effectives, put up an heroic defense. But the swarms of Japanese prevailed, and Java fell within the week.

The story of this vast and significant struggle is only beginning to unfold. There were mighty naval battles, as the combined Asiatic Fleets of the United Nations attempted to stem the Japanese tide. Scores of Japanese warships and transports were sunk, and a huge loss of life resulted. Some important units of the United Nations also went down, although only the Dutch so far have admitted their losses.

Ships of the United Nations, vastly outnumbered and outgunned in any case, were swept aside by the determined invaders. Landing three divisions to begin with, the enemy sent ever larger numbers of troops onto Java, and heavy equipment also was sent ashore. No adequate information is available as to the forces that finally overwhelmed the defenders. The Japanese used their typical infiltration tactics and rapidly occupied important portions of Java. The course of the battle is far from clear, and the immediate situation is even more obscure.

Japanese troops quickly overwhelmed the Batavia area of Java, and the fall of the capital of Java was claimed by the enemy last Friday. Over the last weekend the Japanese took over other important military areas, according to their own radio accounts. The great Dutch naval base at Surabaya and the inland arsenal town of Bandung, where the temporary capital was established, fell in rapid succession, the Japanese claimed, and there was no way of checking the statements, for all direct communications between Java and the United Nations came to an end, last Saturday.

Up to the end of the Java defense, according to some Washington spokesmen, reinforcements were rushed to that island. But it appeared that fighter or interceptor airplanes were lacking, and the Japanese gained absolute mastery of the air. The story resembled in this respect the sorry tale of Singapore. Sea control also was maintained by the enemy, even to the extent of alleged attacks on American and British naval vessels on the southern coast of Java, where there is only a single good harbor. The Japanese occupied that harbor, along with the others, and long-range bombers of the American and other commands apparently were withdrawn at the last moment. Some Netherlands officials fled the island, in order to continue the fight elsewhere, but few others managed to escape and most Netherlands and other European civilians were left on Java, by force of circumstances.

Far to the eastward, Japanese attacks were resumed and widened, with the obvious aim of completely mastering the Malay Barrier and possibly of gaining footholds for attacks on Australian and New Zealand. The Australians entertained no illusions and prepared for defense of their own homeland against an enemy that appears drunk with victory and determined to push his advantage to the utmost. Salamaua and other points on the northern coast of New Guinea were taken by the Japanese, early this week, and heavy aerial attacks on Port Moresby, on the southern coast, foreshadow an invasion there. The Japanese are only a few hundred miles from Australia.

There has been little time, as yet, to appraise these startling events and to consider the consequences. It is already clear, however, that the almost complete control of the Malay Barrier by the enemy will render it exceedingly difficult and costly to attack him from the south. Yet such an attack must eventually be made, and probably will be concurrent with moves from the north against the main islands of Japan, itself. These are matters of strategy which, it may be assumed, are gaining full examination in London and Washington.

Meanwhile, it must be recognized that Japan has gained in the Southwest Pacific a rich region which affords an ample supply of most vital war materials. The military capacity of the enemy has been strengthened, to the extent that quick use can be made of the rubber, tin and other essentials available in the East Indies and Malaya. Perhaps even more important is the tremendous gain in face, or prestige, which the Japanese have won throughout the Orient, as a consequence of the speedy defeats of all United Nations forces, excepting only the gallant band under General MacArthur. A changed Orient is certain to emerge from the conflict, however the military struggle may eventuate.

This is not to say that the struggle for Java and the other islands of the Malay barrier is over. The Netherlands authorities in London assured the world, early this week, that a bitter struggle is continuing in various parts of their main East Indian island. There are doubtless a number of last-ditch defense points which may hold out for weeks and months to come. The relief of some of these possibly will be effected, if speedy action develops on the part of the United Nations command. But the Japanese claim that no less than 98,000 Netherlands and other United Nations effectives already have surrendered, and the lack of communications lends a certain credence to their claims.

Rangoon Falls

Disaster faced the British in Burma, this week, as Rangoon fell to the Japanese, and the handwriting on the wall was even more ominous, for it is evident that British rule in India is endangered and that the United Nations will be unable to extend further aid to China for some time to come, owing to the closing of the Burma Road supply route. When Winston Churchill first assumed the office of Prime Minister, after the fall of France, he described the events in Europe as a "cataract of disaster." No lesser phrase will do to depict the black situation that now confronts the United Nations in the Orient.

The fall of Rangoon was anticipated, and to a certain extent it was even discounted, before that capital of Burma passed into Japanese control on Monday. The small British defense forces not only were greatly outnumbered, but apparently had to fight not only the Japanese, but also numberless fifth columnists among the Burmese. The torch was put to Rangoon by the British Empire units before the Japanese entered that ancient city.

Fighting continues for Burma. Areas southwest of Rangoon, where the British had their backs to a harborless sea, were quickly evacuated. British forces withdrew from the region and moved northward, for a do-or-die defense of upland areas. They expect to effect a junction with Chinese troops moving southward, and hope is not ended. But the fact remains that the Japanese have much on Burma in their grasp, and alternate routes must now be found for supplying China. Huge fires were set by the Chinese and British, to destroy military stores en route to China on the Burma Road route. The Japanese are moving toward northren Burma, and the issue is in doubt.

All of India has been stirred into a ferment by these and other events of recent months, and the Japanese propagandists have made much of their advantage. Aid has been promised to India in the long fight of that British possession for freedom. The effectiveness of such statements cannot be denied and is admitted by some London periodicals. No longer is it opportunity that is knocking at British doors with respect to India, such journals assert. Fate is battering down those doors, it is contended.

The long-delayed solution of the Indian problem thus is being stimulated, and possibly will have to be effected amid the storms and stresses of a world conflict, rather than in the quiet and relatively serene councils of British and Indian leaders. Both Hindu and Moslem spokesmen appealed to London, this week, for early action. The two religious factions which divide India showed no signs of agreeing, but the call for steps by the London Government nevertheless was imperative. A new dispensation for India cannot be long delayed, in these circumstances.

The situation, at the worst, implies passive acceptance by the Indian masses of a Japanese invasion and Japanese leadership. But many Indians are enrolled in the British defense forces, and a real military conquest of India by the Japanese seems altogether improbable. There is no doubt, on the other hand, that the enemy will attempt to move into India, if Burma falls entirely into his hands. A "mission" already has been dispatched to India by the United States Government, and there is talk in London of a compromise on the question of Dominion status. But the Conservative regime in London is not believed to be disposed toward an immediate grant of Indian freedom, which suggests that concessions may well measure the desperation felt in the British capital with respect to the Orient.

Tendencies and characteristics of the Japanese enemy have been made clear, meanwhile, by a statement before the House of Commons in London. Foreign Secretary Anthony Eden, reporting to the House on Tuesday, charged the Japanese with unspeakable atrocities in Hong Kong. Fifty British officers and soldiers were bound and bayonetted, he said, and both European and Chinese women were violated in great numbers. Many deaths were caused by dysentery and other diseases, Captain Eden added. The Japanese provided little or no medical assistance to the victims of their invasion, according to the accounts of eyewitnesses who escaped from Hong Kong.

Our Pacific Action

There were many and obvious repercussions in Washington, this week, of the stirring events in the far Pacific region which threaten to change the map, unless urgent and effective measures are taken. Strategical possibilities were studied closely at the White House and among the changed and rejuvenated high commands of the Navy, the Army and the Air Force. The action which will develop against Japan and the other members of the Axis naturally remains a military secret, but the situation cries so loudly for measures of some sort that sensational developments can be predicted with confidence.

Naval task forces of the United States are extending their sphere of action ever more deeply into the far Pacific Ocean. Washington reported officially, on Monday, that submarines of the U. S. Fleet had sunk a Japanese destroyer and naval tanker, and had damaged by torpedoes at least four other Japanese warships. The Japanese themselves are attesting the growing striking power of the U. S. Navy, for a raid on the Bonin Islands was attributed to our forces.

Much more is necessary, however, and truthful admissions of our own losses are among the obvious requirements. President Roosevelt's decision to suppress casualty lists is sufficiently serious, but even more perturbing are uncontested reports by the Japanese that that the cruisers Houston and Augusta have been sunk, and other vessels also sent to the bottom in the Southwestern Pacific. Tokio claimed last Sunday that 219 ships of the United Nations had been destroyed in the course of the Pacific war. Enormous losses obviously were suffered by the Japanese, but the enemy has the satisfaction of gaining vast territorial advantages. The need for candor on these matters should require no emphasis, for the real war spirit and effort may well depend upon frankness.

All the more impressive, in these circumstances, is the brilliant defense of Bataan Peninsula by General Douglas MacArthur and his invincible American and Filipino forces. The Japanese have battered their heart's-blood out in the attempt to overwhelm MacArthur, and it now appears that they are battering their brains out, as well. The Japanese General in the Philippines, Masaharu Homma, reputedly committed suicide last Sunday, and he was replaced Monday by the conqueror of Malaya, General Tomoyuki Yamashita.

But this change in command has not yet altered the situation on the Bataan front, for General MacArthur reports quiet conditions and initiative by American rather than Japanese forces. The few American planes which still are able to take the air essayed an offensive against Japanese ships in Subic Bay, last week, which turned out to be highly successful. Several Japanese transports were sunk by our fliers, and the question thus was posed anew of reinforcement for our Bataan defenders, who manage to get airplanes into action under the very noses of the enemy, even though Washington claims that fresh aerial rein-

forcements for General MacArthur are out of the question.

France

French difficulties are being emphasized in various ways by war developments which affect that country greviously, and which possibly will occasion serious reactions. The British Air Force last week began a series of aerial raids on factories near Paris, which are declared to be producing war materials for the German Nazis. The raids differed somewhat from those conducted with great frequency against absolute military objectives on the English Channel, for German soldiers manned the Channel points, whereas French civilians were active around Paris.

Quite without warning to their former ally, the British fliers sent deadly missiles against motor plants in the environs of Paris, in a night raid a week ago. Terrible destruction resulted, with British spokesmen insisting that only the factory itself was hit, while French leaders declared categorically that apartments housing workers in the poorer districts of the French Metropolis were destroyed. Since the bombers flew low, it is a reasonable assumption that the bombs did not drop wide of the mark, and it may well be that the great motor plant was operating at night.

Whatever the truth of the matter may be, it appears that 250 or more French civilians lost their lives in this bombing attack, and many more were injured. A public funeral was ordered for the victims by Marshal Petain, who denounced the raid as a "criminal aggression." Unfortunately for the French leader, all the stops were pulled by the German propaganda agents on this occasion, and the cries of feigned anguish from Berlin tended to drown out the genuine sorrow of the Vichy spokesmen. The British fliers repeated their raid early this week by attacking a motor truck factory at Poissy, eight miles from Paris, but no one was hurt on that occasion. London made it clear that further bombings would follow.

This harrowing affair somewhat resembles the British naval shelling of French warships at Oran, and the attack on further French units at Dakar, immediately after France succumbed to German military might. It must be assumed that all aspects were carefully weighed by British authorities, before the signal was given for measures which necessarily would occasion repercussions. Full information is not yet available on the submissive manner in which Vichy turned Indo-China over to the Japanese, but it is at least possible that resentment against British procedure played a part in that action, and it may be that the French Fleet now will come into use against Britain and the United Nations. On the other hand, British leaders may have had advance information that the remaining French warships were to be used against the United Nations, in any case.

New developments plainly will follow, and rumors of various sorts already are in circulation regarding them. Russian authorities said on Monday that France is turning over to the Nazis some forty warships of all types which were completed after the armistice between those countries was signed. Reports were revived that Vichy may turn over to the Japanese the large island of Madagascar, off the East African coast, and hints were given out in London that a United Nations force may occupy that island. Six French warships were reported on Tuesday as steaming out of Dakar for defense of Madagascar against any invader. Whether France will re-enter the war, and on which side, possibly will be answered soon.

Russia and Germany

Now that the winter is nearing its end in Russia, fresh military valuations plainly will be required for the struggle which the Red and Nazi Armies are conducting deep within Russian territory. The Russian forces still hold the initiative, and possibly will be able to drive the German Reichswehr back farther from lines currently held. But the winter superiority of the Russians is waning, which suggests a material change after the spring thaw has passed and the terrain again has hardened to a degree that makes possible full use of the German motorized equipment.

Sizable German forces are trapped in several sectors, according to claims advanced by Moscow, and the Germans admit that they are fighting defensively on the long front from Leningrad to the Black Sea. The German losses unquestionably are serious, but Berlin claims that they are bearable, and another offensive seems assured in coming months. The significant fact cannot be ignored that the two anchors of the line at Leningrad and Sevastopol remain under German seige, and that few, if any, of the German winter line keypoints in Russian territory have been regained by the Red Army. The tremendous effort made by the Communists in recent months may signify a substantial depletion of the Russian reserves. Both contestants possibly are approaching that exhaustion of manpower which is the determining factor in most modern wars.

Neither the Russians nor the Germans are making adequate information available as to the activities on the long front. One guess may be as good as another in these circumstances. The mild tone of Premier Joseph Stalin in his Red Army anniversary speech may be intentionally misleading, however, and the continued animosity of Hitler toward the Communists may be similarly meaningless. Both parties, on the other hand, may be fully intent on that war to the death which they profess. The declarations of dictators like Hitler and Stalin are mere expedients, and always are to be regarded with suspicion.

Russia and Japan still maintain peaceful relations, despite their opposite allegiances, and this fact remains one of the great anomalies of the war. The war propaganda of the United Nations currently is endeavoring to convince Moscow that Japan will attack the Maritime Provinces of Siberia, and the most dispassionate observer must agree with this viewpoint. But Moscow is absorbed in the defense against the Nazis, and Siberian warfare is in the background, which does not help the United Nations. American aid to Russia is reported to be far under promised totals, which possibly is influencing the Moscow authorities in part. There is little doubt, however, of the Nazi determination to crush Russia in the coming spring, and upon the issue of that conflict the entire war may depend.

Libyan Campaign

Impressions deepened this week that the Libyan campaign is being held in abeyance, pending vast military moves elsewhere with which the next adventures in the Mediterranean region will be correlated. Throughout the Balkans and the Middle East an intense spirit of unrest and uncertainty prevails. The German Nazis are forcing the small Balkan States to put vast numbers of men in the field, perhaps for service in Russia, but more probably for moves eastward. Turkey is especially anxious, since it seems quite possible that an Axis drive toward the oil fields of the Middle East will be through Turkish territory, with or without the consent of the Ankara regime.

A bombing incident at Ankara, which nearly cost the German Ambassador, Franz von Papen, his life, continues to echo in Turkish and other circles. The bombing seemed of no especial significance when it occurred, late in February, for Col. von Papen was not seriously injured. It now begins to serve as a measure of German influence in Turkey, for alleged Communists were accused of the bombing plot, and two Russian nationals were surrendered to Turkish authorities last Saturday, by the Soviet Consulate, on charges that they were implicated in the plot.

Whether or not Turkey will be the highway for an attempted Axis move southeastward, there is little doubt that such a maneuver will be tried. The Germans may, of course, attempt to swing around the Black Sea, if their promised Spring offensive against Russia succeeds. The German and Italian forces in Libya doubtless will drive forward at the same time toward the Suez Canal and perhaps even toward Syria. Looming beyond such moves, if they succeed, is a junction of German and Japanese forces, and a consequent isolation of Russia and China. The scale of the current conflict is aptly illustrated by these military conjectures.

In the Western Desert region the forces of the Axis and the British Empire continue to face each other, without attempting much more than feints. With Malta under continuous aerial bombardment, reinforcements for the Axis divisions in North Africa are being rushed across the Mediterranean. British naval units hamper the supply of the Axis by forays which sink many German and Italian ships. The supplies of the British forces are likewise being augmented, largely through shipments around the Cape of Good Hope. The United States, according to official British disclosures, is constructing a vast military and supply base in East Africa. Free French columns, operating from the Chad territory, are active in the desert against the Axis.

Great Britain

Sharp aerial offensives are being maintained by British fliers against the Germans in the Reich and the occupied territories of Europe. Essen and other cities in the German Ruhr Valley were subjected to heavy raids this week, and the crippling effect of such action against the Reich is hardly to be disputed. Various French factories known to be operating for the enemy also were bombed.

Within the confines of the United Kingdom, however, a degree of uncertainty and of dissatisfaction with the war effort was apparent. Much the same can be said of the German situation, if reports from Berne and Stockholm are accurate. English opinion, however, is of primary concern, and it is obvious that London faces a crisis as the defeats in the East are assayed.

Prime Minister Winston Churchill has been the target of increasing criticisms, in the United Kingdom, owing to the misfortunes of war. Recent Cabinet changes have not contented the Opposition in England, and further developments of both military and diplomatic importance are not to be ruled out. Sir Stafford Cripps, whose views are exceedingly radical, is favorably regarded by the electorate, it is said.

Hemisphere Defense

Since the Rio de Janeiro conference ended, progress toward hemispheric defense has been considerable, but entirely in accord with the findings of that Inter-American gathering. Argentina and Chile remain the only nations of the Western Hemisphere which have failed to sever diplomatic relations with the Axis. In Argentina, meanwhile, elections have been held which suggest that the people of that country are generally content to maintain a "neutral" attitude.

Brazilian and United States officials signed a series of agreements in Washington, last week, whereunder $100,000,000 of credit will be made available to the great South American country by the Export-Import Bank of Washington, for purposes of increased rubber and iron production, augmented transportation facilities and similar aids to the common welfare and the common defense. Further advances are to be made to Brazil under the lend-lease arrangements, for expansion of the armaments industry of that country.

The extent of the financial and other assistance contemplated by the Administration in Washington to various Latin-American States is unknown, but the program quite obviously will be very costly to taxpayers of the United States. Surveys are understood to be in progress for rapid construction of the Pan-American Highway through the southern part of Mexico and the several Central-American countries. A mission left Washington last week for Ecuador, where a defense base is to be constructed. Numerous similar incidents in the past, and others which are foreshadowed, suggest a prodigious outpouring of United States official funds for defense and other real or assumed needs.

A new variant of the paternalism which Washington steadily is developing with respect to all areas and regions of the Western Hemisphere was made known last Monday. The White House announced the formation of an Anglo-American Caribbean Commission, which is to study social and economic problems of the British West Indies and other sections of the Caribbean. Just what relation this has to winning the war is not disclosed by the prospectus, which states that the Commission will be concerned primarily with matters pertaining to labor, agriculture, housing, health, education, social welfare, finance, economics and related subjects in Caribbean territories under the British and United States flags.

Jan. Farm Cash Income Is 45% Above Year Ago

Cash income from farm marketings and Government payments in January totaled $1,097,000,000, as compared with $754,000,000 in January last year and the revised total of $1,235,000,000 in December, the Bureau of Agricultural Economics, U. S. Department of Agriculture, reports in its February issue of "The Farm Income Situation," dated Feb. 27 Income from all major groups of farm products in January was up sharply from January, 1941, and Government payments also were larger, says the Department, which states that the greatest increases were in income from oil-bearing crops and from vegetables. It is added that sharply higher prices of these products accompanied by increased marketings, resulted in an income twice as large as in January last year. Government payments in January totaled $111,000,000 compared with $87.000.000 in January 1941, and $84,000,000 in December.

The Bureau's summary goes on to report:

Income from farm marketings in January totaled $986,000,000, 48% more than in January last year. Income from crops and from livestock and livestock products recorded about the same percentage increases. Income from cotton and cottonseed in January—sharply higher than in January, 1941—was augmented to some extent by the redemption and sale of cotton placed under loan last year. Returns from tobacco increased less than returns from most other crops, as sales in January were relatively light following the unusually heavy movement in December. Returns from poultry and eggs showed the largest increase of any group of livestock and livestock products but marketings of most livestock products were considerably larger than in January last year and prices also were up sharply. Income from poultry and eggs was 60% higher than in January, 1941; returns from meat animals were up 52%, and returns from dairy, 25%.

Although prices of farm products in January were 4% higher than in December, farm income declined slightly more than usual from December to January because of the greater than usual decline in marketings of crops. The declines in marketings of grains, fruits, and tobacco were particularly marked, accounting for the decline in the seasonally adjusted index of income from crops from 124.5% of the 1924-29 average in December to 120.0% in January. Income from livestock and livestock products declined about the usual seasonal amount. Income from dairy products declined slightly instead of increasing from December to January, but income from poultry and eggs declined much less than usual. The index number of total income from farm marketings declined after adjustment for seasonal variation from 134.0% in December to 131.5% in January.

SEC Extends Exemption Under Holding Co. Act

The Securities and Exchange Commission announced the adoption of an amendment to Rule U-70 (a) (7) under the Holding Company Act extending until March 1, 1943 the exemption provided under such rule. In explaining this action, the Commission said:

> Section 17 (c) of the Act makes it unlawful for a registered holding company or any of its subsidiaries to have as an officer or director any person who serves in a similar capacity for a bank, trust company, investment banker, or similar financial institution. Rule U-70 sets forth the limited circumstances under which these relationships will be lawful.
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> Paragraph (a) (7) of Rule U-70 provides a limited exemption for a person (1) whose only financial connection is with one or more commercial banking institutions having their principal offices within the state in which the registered holding company, or its subsidiary, conducts at least 90% of its public utility operations and in which such person resides, and (2) who is originally elected to his position in such company prior to April 1, 1939, under an order approved by the Public Service Commission of such state. It is the exemption under this paragraph which is extended until March 1, 1943.

Says Treasury Should Develop New Type Of Govt. Bond Eliminating Demand Redemption

The Treasury Department should develop a new type of Government security for the general public which does not possess the demand obligation nature of the present Defense Savings Bonds, according to Marcus Nadler, Professor of Finance at New York University, who commented thus in addressing the Credit Clinic of the ABA in New York on March 4. Dr. Nadler, who is also Assistant Director of the Institute of International Finance, New York City, questioned whether it is sound economic policy to have vast numbers of bonds outstanding which are redeemable at the demand of the holder, and said:

The national defense bonds have caught the imagination of the people and the amount sold up to now may be considered satisfactory. As the emergency broadens and the people become more aware of the dangers that confront the country, purchases of national defense bonds will increase materially. The banks are participating generously in the sales campaign and in the actual distribution of the bonds, and they can be proud of their record.

The question arises, however, whether it is sound fiscal policy for the Government to sell billions of dollars of bonds payable practically on the demand of the holders.

The redemption value of the United States Savings Bonds, including the two types of appreciation bonds and the current income bonds, outstanding on Jan. 21, 1942, aggregated 7.2 billion dollars. It is likely that owing to the spread of the various bond purchase schemes and the rising payrolls, the United States Government may sell in 1942 between 10 and 12 billion dollars of these bonds and between 12 and 18 billion the following year.

By the end of 1943, therefore, the United States Government may have outstanding over 30 billion dollars of savings bonds, all of which could be presented to the Treasury for redemption at any time after 60 days from issue date, in the case of the Series E bonds, and on one month's written notice six months after issue date in the case of the Series F and G bonds.

While it is quite certain that a considerable portion of the national defense obligations acquired during the emergency will be held to maturity, there is at least a possibility that a substantial amount may be presented for payment before maturity. In such a case the Treasury could have recourse only to the commercial banks or to the Reserve banks, an expedient which ought to be avoided.

I believe, therefore, that the banks in close cooperation with the Treasury ought to evolve another type of security which would not have the character of a demand obligation but embody some other features which would appeal to the people of the country.

The question of the type of Government securities most suitable for the banks also deserves their careful attention. It goes without saying that they will take any security that the Government may offer and in amounts that they are able to carry.

The fact should not be overlooked, however, that as the ratio of capital, surplus and undivided profits to deposits decreases—and it is bound to decrease at a greater pace in the future — banks naturally are hesitant to buy more than a certain amount of long-term Government obligations. Since, however, it is known that the banks will be called upon to absorb a large amount of Government obligations, it might be advisable for them to cooperate with the Treasury in evolving a plan of spaced maturities that would conform to sound banking practice.

Criticizes Borrowing To Pay Income Taxes

Bank loans to individuals for the purpose of providing funds to make income tax payments was criticized by the Federal Reserve Bank of New York in its March 1 "Monthly Review" of credit and business conditions. This policy, the bank says, is not in accord with one of the purposes of increased taxation during the war period (curtailing consumers' buying power), nor is it in the best interests of the taxpayers, since taxes in 1942 and subsequent years are expected to be still heavier. Pointing out that provision for income taxes payable in the following year should be made at the time the income is received, the bank asserted that it was in order to facilitate this procedure that the Treasury began in August, 1941, to sell tax anticipation notes. While the sale of such notes reached approximately $2,471,000,000 in 1941, the bank says that most of the notes were purchased by corporations and only a relatively small amount by individuals. The bank goes on to say:

The over-all extent to which taxpayers made adjustments in their financial affairs last year to provide for the taxes payable on their 1941 incomes is, of course, not known. But it would not be in accord with one of the purposes of increased taxation during the war period for taxpayers generally to borrow from banks in order to provide funds to make tax payments, nor would it be in the best interests of the taxpayers, inasmuch as taxes on their incomes for 1942 and subsequent war years are expected to be still heavier. Aside from the Government's need for tax receipts to meet war expenditures, the increase in taxes enacted by the Congress last year and the probable further increase this year are aimed at reducing the volume of income which remains at the disposal of consumers for the purchase of consumers' goods, the production of which necessarily must be curtailed because of diversion of plants, materials, and labor to war purposes. To have the volume of purchasing power that is absorbed by increased taxes replaced on any general scale by extension of bank credit through individuals' borrowing at banks would be to defeat one of the purposes of higher income taxes. Therefore, it would appear that bank loans to individuals for the purpose of providing funds to make income tax payments should be limited to a role of aiding in the transition to a period of higher taxation, where there are special circumstances involved, and should not be of such scope as to encourage avoidance or postponement of a desired result of higher taxation, which is curtailed buying power of consumers.

Borrowing from banks by some business concerns to meet tax payments may be unavoidable at this time, because of the necessary utilization for working capital purposes of cash realized from operations in 1941 and preceding years. Funds obtained through such borrowing would not have the same effect as borrowing by individuals for the purpose of paying income taxes, but in general would represent merely a postponement of borrowing for working capital purposes by the temporary use of tax reserves.

2nd War Powers Bill: More Govt. Control

The House on Feb. 28 passed and sent back to the Senate the Second War Powers Bill of 1942, expanding further the Government's power to requisition property and providing drastic penalties for violation of priorities orders.

The most controversial section of the bill is that allowing the Federal Reserve Banks to purchase Government obligations direct from the Treasury, instead of in the open market, as now required by the Banking Act of 1935. The House version limits these direct purchasers to $5,000,000,000 but some clarification of this restriction is likely in conference since the House clause limits the total purchases to that amount. The Senate, however, in passing the legislation on Jan. 28, refused to restrict these purchases. An item regarding testimony on this section appeared in these columns Feb. 19, page 769.

Rep. Smith (Dem.) of Virginia, offered the House an amendment containing the $5,000,000,000 limit and it was approved Feb. 26 on a teller vote of 128 to 93. Mr. Smith said the limitation was a desirable safeguard against the possibility that unlimited direct bond transactions might lead to inflation, according to the Associated Press.

Before passage, on Feb. 28, the House reaffirmed by a standing vote of 138 to 68 an amendment by Rep. Joe Starnes (Dem.) of Ala. striking from the bill a provision facilitating procedure in obtaining citizenship for aliens legally admitted to the United States who are serving with the army and navy.

The Associated Press also reports that the Second War Powers Act contains the following emergency provisions:

Gives the Interstate Commerce Commission the same emergency powers over motor carriers it now exercises over railroads.

Extends the Government's power to acquire real as well as personal property for emergency use.

Provides penalties for violations of priorities orders.

Authorizes Federal Reserve banks to purchase Government obligations directly from the Treasury.

Permits the waiver of navigation and marine inspection laws in emergency cases.

Removes from the requisitioning law the prohibition against taking machinery or equipment in actual use and necessary for the operation of a business.

Excludes certain part-time officers and employes of the Government serving in the war effort from the Hatch Act.

Permits the assignment of CCC workers as guards for war industries, utilities and natural resources.

Provides free postage for the armed forces at home or abroad.

Allows the Treasury Department to accept gifts made on condition they be used for a particular purpose.

Permits minting of 5-cent pieces from silver and copper in order to save nickel for war tools.

Gives the Government power to inspect the plants and audit the books of war contractors and sub-contractors.

Permits the Commerce Department to furnish previously confidential census information to other departments for private use in evaluating war resources.

Railroads Granted 6% Freight Rate Increase

The Interstate Commerce Commission on March 2 authorized railroads and water carriers to increase freight rates and charges, although on a lower basis than the general increase of 10% sought. These new rates will be in effect for the duration of the war and for a period of six months thereafter.

The increase approved is in general 6%, upon all commodities except certain "basic or raw commodities" which are products of agriculture, live stock and products, and low grade products of mines, such as sand, gravel, broken rock, and slag. As to these the increase approved is 3%. On anthracite, bituminous coal, coke of all kinds, and lignite, specific increases are approved, dependent upon the amount of the present rate: when $1.00 or less, 3 cents per net ton and 4 cents per gross ton increase; when over $1,00, the increases approved are 5 and 6 cents per net or gross ton, respectively.

No increase is approved on iron ore. Accessorial charges, so far as involved, may be increased 6%, except certain charges on coal and ore at tidewater and lake docks.

Passengers fares have already been increased 10%, generally, by order of the Interstate Commerce Commission of Jan. 21, 1942, and these increases became effective on Feb. 10 (See "Commercial and Financial Chronicle" of Jan. 29, 1942, page 410).

According to estimates, on the basis of 1941 traffic, the increased freight revenue should approximate $203,000,000 per annum, not including about $46,000,000 from the passenger fare increase.

The higher freight rates are scheduled to go into effect on March 18.

Landis to Speak Before Commerce Indus. Ass'n

James M. Landis, Director of the Office of Civilian Defense, will be the principal speaker at a luncheon of the Commerce and Industry Association of New York Inc. on March 19, at the Hotel Commodore, it is announced by the Association. The subject of his speech will be "Civilian Defense as it Affects Commerce and Industry". Those attending the luncheon have been accorded the privilege of submitting questions on civilian defense which will be transmitted to Mr. Landis through the Association and will be discussed by the speaker at the meeting. Leaders of local and State civilian defense organizations, who have accepted the Association's invitation to participate in the meeting and will sit on the dais, include James G. Blaine, Chairman of the Civilian Defense Volunteer Office in New York City, Police Commissioner Lewis J. Valentine, Fire Commissioner Patrick J. Walsh and representatives of the American Red Cross, American Women's Volunteer Services and other groups. It is expected that Mayor LaGuardia will also be present. The luncheon has been arranged under the auspices of the Association's War Service Committee. Col. Allan M. Pope, Chairman of the Committee, will preside.

Curb Seat Retirement

Arrangements have been made by the New York Curb Exchange to purchase and retire the membership of Glen G. Munn for $1,000. This will be the 32nd seat bought by the Exchange under the seat retirement plan adopted on July 29, 1941. Present market for Curb Exchange seats is $1,000, bid by the Exchange, offered at $7,500.

Union Pay Demands Retard Production, NAM

A rapid, "test-tube" poll by the National Association of Manufacturers on the issue of premium pay for Saturday and Sunday labor reveals that union demands for the peace-time penalty rule of time-and-a-half or double time for the two week-end shifts may seriously retard industrial changeover to the seven-day, 168-hour week demanded by War Production Chief, Donald M. Nelson, the N. A. M. declared on Mar. 3. Reciting the issues involved, the association statement said:

The controversial issue of premium pay for Saturday and Sunday work under "round-the-clock," continuous operations, even when time so worked is less than 40 hours for the week or eight hours a day, has threatened to delay changeover to the 7-day work week in many war industries. Industry's allout production efforts are menaced by unions' demand for retention of the peace-time penalty rule incorporated in many union agreements, under which employees receive premium wages of time-and-a-half or double time for Saturday and Sunday work.

This major obstacle to round-the-clock operations was solved in the case of the Pacific shipbuilding industry when the West Coast Shipbuilding Stabilization Agreement was amended last month. Under the amendment the shipbuilding unions dropped the traditional time-and-a-half pay for Saturday work and double time for Sunday and, instead, adopted a sixth-day-seventh-day formula with time-and-a-half for all work on the sixth consecutive day in any week and double time for the seventh, regardless of the days on which these occur. Double time is retained for holiday work.

In order to obtain a rapid "test-tube" survey of prevailing practices in this matter, N. A. M. undertook a poll of member companies engaged in both war and non-war production, selected on the basis of geographic distribution. Details of the poll follow:

Replies were received from 142 companies, of which 79 are now on continuous operations. Of these 79 companies, 53 are running on a round-the-clock basis throughout; and 26 companies were carrying on continuous operations in some plants, departments or divisions.

By far the greater majority (72%) of the 79 companies operating on seven-day week schedules pay "straight time" for shift work which falls on Saturday. For Sunday shift operation, the practice is almost evenly divided, with 51% of the companies paying premium rates and 49% following the practice of straight time for the Sabbath. In a number of cases extra compensation is prevailing practice for off-schedule shift work.

To date, only a small group of respondents included in the survey had changed their pay practice for Saturday or Sunday shift work from peace-time policies, largely for the reasons that (1) continuous operations have always been carried on to some degree in such basic industries as oil refining, glass, cement, paper, and in others as well; and (2) existing union contract rules for premium pay have in a number of instances been carried over temporarily pending a settlement of the "straight time vs. premium rates' issue."

ABA Credit Clinic Defines Bankers' Duties In Financing War And Aiding War Production

Definition of the banker's duties in wartime was set forth in a statement of action presented as the opening feature of the Credit Clinic of the American Bankers Association, which convened at the Waldorf-Astoria in New York on March 4. The statement which outlines the duties of banks in relation to the financing of the Government in its war program; their duties to business and industry; their obligations to the community, and their responsibility for self-management, was presented by W. Randolph Burgess on behalf of the Economic Policy Commission of the Association, of which he is Chairman, as an outline of the banker's job in wartime and in "the hope that it will help bankers to size up their daily work from a new point of view and to do better their essential task." Mr. Burgess is Vice-Chairman of the Board of the National City Bank of New York. In presenting the statement Mr. Burgess said in part:

Bankers are more than spectators in this (wartime) effort. It is not enough for us to criticize our political and military leaders, though that is a public duty of every citizen. What we especially need to realize is that our own work is vital in this war. Have we also frozen areas? Have we our own Pearl Harbors? Right here at home? In our own banks?

It was in order that we might force ourselves to look with awakened eyes at our own responsibilities that the Economic Policy Commission of the American Bankers Association decided some weeks ago to draw up a statement of the banker's job in this war. We wanted to try to think through the things that we ourselves must do to help win this war. The resulting statement reflects many hours of work by many people from many sections of the country. It is offered with the hope that it will help bankers to size up their daily work from a new point of view, and do better their essential task.

Banking is a profession in which tradition and custom play a large part. Bankers learn from generations of experience what makes a sound loan and what is good banking practice. Here is a situation that calls for all of that and something more; an analysis of new problems and an adaptation to new conditions.

It would be easy to see no connection between the tragic national events and our own daily jobs. The decisions that come to our desks seem largely the same old decisions and the natural thing is to decide them in the familiar way. That may be missing our duty as badly as the commanders at Pearl Harbor missed theirs.

By way of illustration, I heard the other day of a banker who said that since he now held Government securities equal to 30% of his assets he therefore had enough and did not propose to buy any more. I have sympathy with this banker's feeling, but his conclusion is that of a Colonel Blimp. The war has to be financed and the banks must do their part.

This banker had sound banking instincts in feeling there was something wrong about huge added increases in bank holdings of Government securities. That is the road to inflation. The most important thing bankers can do is to use all their influence toward financing the war outside of the banks through taxes and through the sale of bonds to individuals who buy them out of their current income. Banks are already making a splendid record in their sale of defense bonds, but we have only made a beginning in what needs to be done in this direction. That is banking duty number one.

Even after the utmost sales efforts, however, there will remain a large sum for the banks to subscribe. There is every prospect of a further substantial increase in bank holdings of Government securities and every bank must take its share. That is not a pleasant prospect to face. It is not traditional banking. It involves many problems, such as, how long should maturities be? What about control of the market and money rates? How will these greatly expanded assets be protected by capital? There is no rule of thumb answer to these questions. The Treasury and the Reserve System are studying them. It is up to the bankers to understand them also; to make their own suggestions; to be ready to take wise action. The Economic Policy Commission is now making a study of these particular questions and will report on them later.

This area is only one of many which are requiring deeper thinking and better than rule of thumb answers, and in which our profession is seeking to offer something more than either a confusion of differing opinions or blind compliance. In the matter of war lending policies the Bank Management Commission of the ABA did a fine piece of work in negotiating methods by which the banks could safely do an expanded part of the financing of war orders. Also in the area of financing the "Food for Freedom" program the Association is again leading the way with suggestions about which you will hear more today.

Organized banking can, however, give the individual banker only a start in meeting his Pearl Harbor crisis. He will have to do most of his own original thinking especially when it comes to dealing with his own special problems and his own community. The problems are a little different than ever before and call for different answers. They are the kind of problem the banker ought to know more about than most other people. For his is a cross section occupation; he sees not one business but many; he knows something of the larger financial setting of the whole movement. He should lead, not follow his community into action.

What makes for good morale in a Nation? In an army it is the confidence of the soldier that his leaders know their job and will not make mistakes. In a community it is not so much pep talks and radio exhortations as first an understanding of what has to be done; second, a persistent and vigorous drive on the part of everyone to get the work done.

We bankers and all others are going to work harder than we have worked in years. We are not going to have so much time for dinner parties. We are going to shorten our vacations, and our week-ends, and cut down on golf. Clemenceau the great French war premier had one response when he was asked to dedicate a building, attend a social function, or make an unnecessary speech. His refusal was "Je fais la guerre" "I make war." That is what we are doing.

The statement outlining bankers duties is war time was presented as follows by Mr. Burgess.

The Banker In Wartime

The banks of the United States have a major role in the war. They are the principal channel between the Treasury and the investor. They themselves are large buyers of Government securities. They are a contract point between Government and war industry. Their machinery is used at almost every step in the great war program. Fulfilment of this great responsibility will be aided by a clear definition and wide recognition of the banker's duties. That is the purpose of this statement.

Financing The War

To avoid inflation the Government must draw the funds it borrows primarily from the current income of individuals and institutions and only secondarily from commercial banks. It is the duty of the banks—

1. To encourage thrift and discourage spending so as to accumulate funds for war.
2. To push vigorously the sale of defense savings bonds and stamps and tax anticipation notes.
3. To subscribe for Treasury issues suitable for banks.
4. To help maintain a broad and dependable market for Government securities.
5. To advise with the Treasury and the Federal Reserve System in planning Government fiscal policies.

Aid To War Production

Business large and small alike must be mobilized for war. The banker can help through his knowledge of business and government, and his ability to lend. It is his task—

1. To assist small business with war orders.
2. To finance war industry both in plant expansion and in current operations.
3. To participate with Federal financing agencies when the job extends beyond proper banking scope.
4. To advise with business customers in converting plants to war use, in dealing with Government agencies, and in other war problems.
5. To lend to the farmer and distributor for the "Food for Freedom" defense program.
6. To scrutinize non-defense loans with care and to discourage expenditures which might compete with war production for materials or labor.
7. To cooperate in the regulation of consumer credit under Regulation W.

Keeping The Economic Machine Running

The country's whole economic machine must be put in high gear, to run as it never ran before. Almost every business transaction involves banking: the use of checks or money for buying materials or meeting payrolls; transferring funds; handling securities. The banker's ordinary job has become a war job. It is his responsibility therefore—

1. To provide for business and Government deposit, checking, transfer, and payroll facilities, on a new, larger scale.
2. To sell and distribute vast numbers of defense bonds, stamps, tax anticipation notes, and handle tax checks.
3. To cooperate with the Treasury in dealing with foreign funds.
4. To offer special services for men in the armed forces.
5. To help interpret Government to business and business to Government that they may work together with understanding and unity.

These tasks must be carried through swiftly and accurately while many bank workers are entering military services. This means harder work for bank staffs from top to bottom.

A House In Order

The Nation faces years of great industrial and financial expansion and severe readjustments. To play his part effectively the banker's own house must be kept in order. It is his duty—

1. To maintain the quality of his bank's assets.
2. To husband his resources through a prudent policy of reserves and dividends.
3. To practice as well as preach the gospel of work and save.

And In The Community

As a citizen of his community the banker who is not himself called into the armed services has special obligations:

1. To share with others the responsibility for the success of Red Cross, United Service, and civilian defense.
2. To make local, state, and national bankers' organizations effective agencies in the Nation's service.
3. To help the public understand war taxes, war restrictions, rationing, price controls, and other war measures which depend for their success upon public cooperation and public morale.

Demand For Farm Products Continues At High Level

A continuing high level of consumer demand for farm products was forecast by the United States Department of Agriculture. The general trend for the year as a whole will be upward, the Department said, basing its conclusion on the rise in industrial employment and consumer income.

The "Demand and Price Situation," by the Bureau of Agricultural Economics, said:

Curtailment of civilian goods production incident to the shift from a defense to a war economy is resulting in some temporary industrial unemployment. Many of the displaced workers in civilian industries will be quickly reemployed and the hours and pay of those in factories producing for war will continue to increase. The net effect on the money income of consumers of the shift over to war production probably will be to slow up the rate of increase rather than to stop it.

Although increased taxes and defense bond sales may absorb much of the net gain in consumer income during the next few months, the income available for food, clothing, and other nondurable goods will be increased by the elimination of automobile production and curtailment in output of other durable consumer products.

Additional factors of strength in the demand for agricultural products are the needs of our Allies as war operations increase, and a strong storage and speculative demand. The net effect of all these conditions is expected to be a stronger demand for farm products in 1942 as a whole than in any year since 1919.

The pressure of rising consumer income in relation to the volume of goods and services available for civilian use will be a factor tending to raise the general level of prices this year. The pressure will be the strongest on commodities in shortest supply, but price controls and rationing of some of these commodities will tend to limit expenditures for them and consequently to increase the pressure on other products in large supply, including farm commodities.

The Emergency Price Control Act of 1942, approved by the President, Jan. 30, for the general purpose of checking "speculative and excessive price rises, price dislocations, and inflationary tendencies," provides for extensive Government regulation of commodity prices, rents and marketing margins. It is yet too early to form definite conclusions regarding the probable net over-all effects on the general price level of the controls provided for in this Act, but the controls exercised over a limited number of commodities before the passage of the Act had been attended with considerable success.

Although marketing of livestock and livestock products continued heavy in January and prices received by farmers advanced 4% from December to January, crop marketings receded from the high rate of late 1941 and cash income from sales probably declined considerably more than is usual for the month. Preliminary indications based on price changes in central markets suggest that farmers generally were receiving somewhat lower prices for the products sold in mid-February than those sold a month earlier. For 1942 as a whole income from marketing may not increase as much as the $2,900,000,000 increase of 1941, but income for the year may be as large as in any previous year except 1919.

Illinois Employment Off

A tabulation of monthly employment reports from representative establishments in manufacturing and selected non-manufacturing Illinois industries indicated that employment declined 4.0% and payrolls dropped 1.8% between mid-December, 1941, and mid-January, 1942, according to a statement issued Feb. 27 by Francis B. Murphy, Director of the Illinois Department of Labor. Explaining these changes, the announcement said:

The change in employment is less favorable than is generally the case for the December to January period. Declines in employment as sharp as the current December-January decrease were shown for this period in only three of the preceding 19 years—1938, 1939 and 1940. The current December-January decrease in total wage payments is more favorable than usually reported for this period as decreases greater than 1.8% have been reported in 15 of the preceding 19 years for which the records are available.

The decline in employment reported for Illinois industry during the period between Dec. 15 and Jan. 15 is chiefly attributable to the seasonal reductions occurring in wholesale and retail trade establishments. Reporting establishments in this group indicated a decline of 20.3% in the number of employees and a decrease of 18.8% in the amount of total wage payments as of Jan. 15, 1942, compared with Dec. 15, 1941. Department and variety stores and mail order houses reported the heaviest lay-offs and reductions in payrolls. Retail food stores was the only trade classification which reported an increase in employment or payrolls.

Building construction and contracting firms reported seasonal decreases of 20.7% in employment and payrolls. The public utility group showed a slight decrease in employment, but an increase in total wage payments.

U.S.-Ecuador Currency Pact

A currency stabilization agreement between the United States and Ecuador was signed in Washington on Feb. 27 by Secretary of the Treasury Morgenthau and the Ecuadoran Ambassador, Colon Eloy Alfaro, and the Ecuadoran Minister-Counselor, Eduardo Salazar. Under the pact it is stated the United States will provide up to $5,000,000 of its Stabilization Fund to stabilize the rate of exchange between the dollar and the Ecuadoran sucre.

Housing Offers Business Opportunity To Strike Blow For Private Initiative

Declaring that "in peaceful times, private investment in housing is a right," Abner H. Ferguson, Commissioner of Federal Housing at Washington, stated on March 5 that "today it is a duty—one of the obligations of American business." "America," he said, "needs a great many houses—and quickly—for our production forces. Certain types of housing are as essential to our victory as are ships and tanks and planes. Housing today is an opportunity offered to business to strike a blow for the system of private initiative which we are fighting to maintain." Mr. Ferguson's remarks were made before the Credit Clinic of the ABA in New York on March 5, at which time, speaking on "Modernization Loans" he said in part:

In those areas surrounding clearly established industries, near the factories that will return some day to the production of goods for peacetime living, private capital and private builders must supply the living quarters now needed for our vast new armies of production workers. Such areas are many times more numerous than those where construction must be carried out at government expense. Indeed, much the larger part of this housing for war workers could and should be done with private funds.

Private capital has an established reputation for caution—and properly so. Capital is wary when it cannot ascertain at the start that it is going into safe channels. In many cases, capital is timid in the present emergency, somewhat as it was in the depths of the last depression. I am wondering if capital can afford, any longer, a defensive attitude. . . .

I have already sent an announcement to all qualified Title I lending institutions that hereafter the insurance facilities of Title I should be available only for loans the proceeds of which are to be used either in defense areas to create additional dwelling units suitable for defense workers or to maintain existing properties in a habitable condition.

Congress has seen great possibilities for creating additional defense housing through repairs and remodeling and has thus extended the period of Title I operations with an increase in the maximum amount of insurable loans and the period of repayment. This phase of the FHA program should, we believe, provide many urgently needed housing units for production workers. The plan is being put into operation without in any way decreasing our efforts in the other housing fields. . . .

Building materials are restricted by the War Production Board and credit is restricted by the Federal Reserve Board for the same reason—because the war effort requires both materials and money. But my whole point is this: the war effort also requires that certain types of housing be financed. Both materials and credit are available for the homes which are needed today by the workers in our production areas. . . .

I would like to see lending institutions work more closely with their customers in utilizing our facilities for exceptions to Regulation W, and local FHA offices for securing priority ratings. These are changing times and it seems to me that they call for a few changes in methods on the part of each and every one of us.

The two-fold program of the Federal Housing Administration—the rehabilitation of old properties and the construction of new rental-housing property—has a double advantage. First, it can play a major part in winning the war. Second, it offers a safe investment to the lender and an assured means of continued assistance to the building industry and the labor it employs.

Residential construction in America from now on until we achieve victory will be more and more confined to housing projects for war workers. It is essential that private capital account for as much of this construction and remodeling as possible, both to save the Government effort and expense and to maintain its own well-being. Therefore, the simple fact I have been trying to state is this: —the job to be done is both a necessary means of self-preservation and a vital contribution to the nation's war effort.

America has the hardest task it ever had to do. An important part of the job depends on private capital. It is a job that requires realistic thinking and fast, decisive action.

AFL To Buy Billion In U. S. Defense Bonds

Secretary of the Treasury Morgenthau received a pledge for the purchase of $1,000,000,000 in Defense Bonds during 1942 by the 5,000,000 members of the American Federation of Labor.

In a special radio program, William Green, the Federation President, told the Secretary that the workers in whose behalf he was speaking would "invest $1,000,000,000 of their hard-earned wages this year for victory in the war." Mass meetings of AFL unions throughout the country listened to the talks by Mr. Green and Secretary Morgenthau. Mr. Green stated:

I am confident that every member of the American Federation of Labor will live up to this patriotic obligation and even go beyond it to assure the success of our vital campaign.

He announced that already this year AFL members have purchased or subscribed for a total of more than $200,000,000 worth of Defense Bonds.

Secretary Morgenthau called the pledge "a magnificent example to the whole country" and pointed out it was the largest pledge to come to the Treasury from any single organization. Mr. Morgenthau added:

Organized labor in this country has always recognized fascism for what it is, and has known from the beginning that the fascist system was a deadly menace to our free institutions.

We know now that we are not safe even here in America. We know that unless we and our allies win this war there will be no survival of free trade unions, no liberation of the millions of workers now enslaved abroad, no continuance of the rights that we have won in generations of struggle here at home, no chance to win a better future for the working men and women of the world.

The Secretary pointed out that "it may not be dramatic to set aside a part of your pay each week for bonds, but it is tremendously important to the success of the war effort as a whole, and it is something that can be done by everyone who earns a regular income." He conceded that the people of America had not yet "made a paradise of this free country of ours," but argued that we "have always been moving forward on the eternal quest for a better and broader and more secure future fo rourselves and our children."

Auto Industry Expected To Be Fully Converted For War Production In 60 Days

Representative Bell (Dem., Mo.) predicted on Feb. 28 on the basis of a letter which he received from President Roosevelt that the automobile industry would be "completely harnessed within 60 days for war production."

The President's letter, Representative Bell said in a statement, pointed out that "within a very short time" all workers in automobile plants "would be employed in production of war material contracts aggregating 120% of the 1941 peak production."

The text of the President's letter, dated Feb. 11, made public by Mr. Bell on Feb. 28, was published in the New York "Herald Tribune" as follows:

My Dear Mr. Bell:

Your very interesting letter of Jan. 31, 1942, with particular reference to the employment situation in the motor car plants of the country, has been received and carefully studied.

I can well understand your interest and concern over this situation, for it has been in the minds of many of us as we approach the change over in this industry from a peace-time to a war-time production basis.

I note that you have written General Knudsen, Mr. Nelson and Mr. Hillman. All of these gentlemen and their staffs have been devoting many hours to this very problem, and I am happy to say to you that their efforts are beginning to bear fruit.

In answer to the specific questions mentioned in your letter, I have been advised by Mr. Nelson that:

1. The transformation of the idle plants for the production of war materials that could be made there is now well under way. While we do not have complete statistics on the whole motor-car industry, it is interesting to note that the three larger companies already have contracts placed with them to make war materials, which, when measured in dollars value of output, will keep their facilities fully occupied on the basis of their peak operations in the year 1942. There are still many orders in the process of negotiation as the automobile companies are being asked to make many items that throw an entirely new load on their engineering and production staffs. I am glad to report, however, that the progress in lining them up for this new war material covered by pending negotiations is proceeding rapidly. As of Jan. 31, 1942, not including the negotiations in progress, orders had been placed amounting to 120% in value of what these companies produced in the peak year of 1941.

2. The facts outlined in the previous paragraph will require a production schedule which will reemploy all of the workers in these companies within a very short time. This program, of course, varies by plants, all of which have been carefully analyzed, and shows that it is fair to assume that by September of this year there will be more employees at work in the automobile companies than during December, 1941, and that by the end of the year, assuming that adequate materials can be made available, there will be a labor shortage throughout the automobile industry.

3. Recognizing the need for speed, new facilities are not being granted motor-car companies for production purposes except where the old facilities would be absolutely inadequate for the purposes intended. This has been particularly true on aviation projects and, as contracts are being placed, emphasis is put on using available facilities and machine tools with the same thought that you express of conserving materials and tools.

Now that the automobile industry no longer has any automobiles to make, its whole thought and effort is concentrated on the production of war materials, and I have no doubt that the same ingenuity that has produced their records in the past will make itself manifest in the manner in which war products will be turned out in quantity.

It is also interesting to note that the orders that have been placed with the three large companies require more than one-half of the value of their final output to be placed by these companies with smaller suppliers in order to produce the amount required. Such orders are now being placed down the line and will during the next 60 days, reach the smaller manufacturers in large and increasing quantities. One preliminary survey of 118 companies interested shows that on Jan. 29, 1941, they already had orders which would involve 92% of their 1941 employment and a dollar volume of 99% of their 1941 output, yet they were using but 68% of their existing floor space.

I appreciate your pledge of cooperation and assistance at this time of national crisis and hope that this information answers the inquiry that you have made.

Very truly yours,

FRANKLIN D. ROOSEVELT.

Vichy Avers Neutrality In Reply To FDR Query

The United States has received formal assurances from the French Government of Vichy that it intends to maintain its position of neutrality, in accordance with the armistice agreement with Germany and Italy, and that it would not lend any military aid to the Axis powers, particularly regarding the use of French vessels for war purposes. This was disclosed on Feb. 27 by Sumner Welles, Acting Secretary of State, who revealed that President Roosevelt sent a personal message to Marshal Henri Petain, French Chief of State, on Feb. 10 declaring that, if France ships war materials or supplies to the Axis powers or otherwise aids them beyond the terms of the armistice, it would place itself in the category of governments which are directly assisting the declared enemies of the United States. Since that time, Mr. Welles said, several communications have been exchanged between the two governments, the latest being the written pledge to be neutral, which was given to Admiral William D. Leahy, the American Ambassador on Feb. 24.

Mr. Welles further stated that further clarifications regarding other important questions are awaited by the United States in order to determine its future relations with the Vichy Government.

The text of Mr. Welles' announcement as contained in Washington advices to the New York "Times" follows:

The relations between the Government of the United States and the French Government of Vichy have been predicated upon the formal assurances given to this Government by the French Government upon repeated occasions that the French Government in its relations with the Axis powers will not exceed the terms of its armistice agreements with those powers, and, in particular, that the French Government will in no wise relinquish to those powers any control over or use of French territorial possessions nor any control over nor use of the French fleet.

The assurances received by the United States Government in this regard likewise include the assurance that the French Government will give no military assistance to the Axis powers.

On Feb. 10 the President sent a personal message to Marshal Petain informing him that the Government of the United States had been advised that supplies had been shipped from metropolitan France to North Africa for the use of the Axis forces in Libya. The President made it clear that the position of France and the limitations placed upon France though the armistice agreements which had been signed with Germany and Italy are fully recognized and understood by the Government and the people of the United States.

He stated further, however, that in the opinion of the Government of the United States, if France were to ship war materials or supplies to the Axis powers and to render assistance to those powers, or to take any action in that regard which France was not obligated to take under the terms of her armistice agreements, the French Government would place itself in the category of governments which are directly assisting the declared enemies of the people of the United States.

The President further stated that he was confident that any such action would be contrary to the wishes of the people of France and disastrous to their aspirations and to their final destiny.

Since that time several additional communications have been exchanged between the two governments.

On Feb. 24 the American Ambassador in Vichy received in writing a communication from the French Government.

In the course of this communication the French Government stated that it affirmed once again its will to abstain from any action under reservation of the obligations resulting to it from the armistice agreements which would not be in conformity with the position of neutrality in which it had been placed since June, 1940, and which it intended to maintain.

The French Government further stated that it would not, therefore, lend any military aid to one of the belligerents in any place in the theatre of operations, particularly the use of French vessels for the purpose of war, nor all the more adopt a policy of assistance to Axis powers beyond the terms of the armistice agreements.

The British Government has been kept fully informed of the exchange of communications which has taken place between the French Government and the Government of the United States.

While this statement of French policy as above set forth is of value in estimating the relations between this Government and the French Government at Vichy, further clarifications with regard to other important questions are awaited by this Government before it will be enabled to complete its examination of the present situation.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
February	640,269	665,689	493,947	101	--
1941—Week Ended—					
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

February Department Store Sales

The Board of Governors of the Federal Reserve System announced on March 5 that the value of department store sales, which had been unusually large in January, declined in February, and the Board's seasonally adjusted index for that month is estimated at 125% of the 1923-25 average, as compared with 138 in January and an average of 111 in the last quarter of 1941.

INDEX OF DEPARTMENT STORE SALES† 1923-25 AVERAGE=100

	Feb., 1942	Jan., 1942	Dec., 1941	Feb., 1941
Adjusted for seasonal variation	125	138	111	103
Without seasonal adjustment	99	108	197	82

Change from Corresponding Period a Year Ago (%)

Federal Reserve District—	One week ending Feb. 28*	Feb. 21*	Feb. 14	Feb. 7	Four weeks ending Feb. 28	Jan. 31	Dec. 27	Nov. 29	Year to Feb. 28
Boston	+ 7	+38	+24	+ 6	+17	+38	+ 9	+15	+28
New York	+ 7	r+35	+17	+15	+18	+31	+ 7	+ 7	+24
Philadelphia	+46	r+29	+30	+25	+32	+41	+12	+16	+36
Cleveland	+24	+21	+19	+20	+21	+46	+14	+18	+32
Richmond	+41	r+27	+34	+38	+35	+45	+16	+22	+39
Atlanta	+ 9	+ 6	+ 7	+ 8	+ 7	+24	+13	+18	+15
Chicago	+21	+21	+17	+23	+20	+34	+11	+12	+27
St. Louis	+21	+20	+19	+24	+21	+37	+16	+18	+29
Minneapolis	**	**	**	**	+19	+31	+11	+10	+25
Kansas City	+ 8	r+17	+13	+19	+14	+34	+13	+ 8	+24
Dallas	+ 8	+ 7	+ 5	+13	+ 8	+25	+13	+15	+17
San Francisco	+20	+36	+25	+22	+25	+29	+11	+17	+27
U. S. total	+18	+25	+19	+20	+21	+35	+11	+14	+27

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT, 1935-39=100

1942—		1941—	
Feb. 7	114	Feb. 8	95
Feb. 14	116	Feb. 15	97
Feb. 21	110	Feb. 22	88
Feb. 28	119	Mar. 1	101

r Revised. *Washington's Birthday sales or store closings this year occurred in the week ending Feb. 28, whereas last year they occurred in the previous week. Also, in some places there was not the customary holiday observance this year. **Not shown separately but included in United States total. †Monthly indexes refer to daily sales in calendar month; February, 1942, figures estimated from weekly sales.

English Financial Market--Per Cable

The daily closing quotations for securities, &c, at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols, 2½%	Closed	£83 1/16	£83⅜	£83¼	£83⅛	£82⅞
British 3½% W. L.	Closed	£105¼	£105 9/16	£105 11/16	£105⅝	£105½
British 4% 1960-90	Closed	£115⅝	£115½	£115⅝	£115⅝	£115 11/16

The price of silver per oz. (in cents) in the United States on the same days has been:

Bar N. Y. (Foreign)	35⅛	35⅛	35⅛	35⅛	35⅛	35⅛
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

Koeneke Emphasizes Wartime Responsibilities Of Banks In Address At ABA Credit Clinic

The wartime responsibilities of banks were emphasized by Henry W. Koeneke, President of the American Bankers Association, in an address opening the Association's Credit Clinic at the Waldorf-Astoria in New York on March 4. Mr. Koeneke, who is President of the Security Bank of Ponca City, Okla., stated that in discharging their wartime responsibilities bankers "may have to compromise with their principles from time to time and give up some of their cherished ideas." In addition, he urged upon them support of the leadership of the ABA in the war crisis. At the same time, Mr. Koeneke pointed out that discharging their responsibilities does not preclude criticism on the part of bankers. "Criticism is essential to success," he said. "It is even a responsibility of citizenship in a democracy." Mr. Koeneke drew an analogy between the services rendered by the banks in the last war and those for which they are being called upon during this war, and said "if you were to turn the pages of banking history back to 1917 you would find some familiar things." After quoting from the 1917 ABA convention address of its President of that year, the late Peter W. Goebel, President of the Commercial National Bank, Kansas City, Kansas, Mr. Koeneke stated:

It seems to me that Mr. Goebel had a very clear understanding of the demands of war on democratic and economic principles. He recognized that the war requires enlargement of governmental powers and interferences with economic activity as well as with the private affairs of the people.

In principle, the demands of war today do not vary greatly from the demands of war 25 years ago. But they have increased and multiplied and more will be demanded of the civil population this time.

In part he also said:

We of the banking fraternity have very real responsibilities in connection with the war. In discharging them we may have to compromise with our principles from time to time, to give up some of our cherished ideas. Certainly we shall have to perform many extra services beyond our normal sphere of activity and perform them without compensation or profit, as we are already doing and often at considerable inconvenience to ourselves.

In the relationships between the banks and the Government the American Bankers Association is naturally the representative of the banks. As your representative it may have to ask you occasionally to agree to things as war measures that may not be altogether agreeable to you. But as I have said we are, every one of us, in the service of our country now, and that means that we must work in harmony with our Government which has the responsibility of conducting the war. I know none of you would do less. As a matter of fact, the bankers of the nation have responded magnificently to the call of their country and to the leadership of their Association. I want to take this opportunity to thank them for so doing.

I want to add however, that our obligations do not end there. Under our form of Government, even though we are in the service of the country for the duration, we still have the right to criticize. Unity does not preclude criticism. Indeed, criticism is essential to success. It is even a responsibility of citizenship in a democracy.

It is our right and our responsibility to scrutinize every Governmental proposal made, to contribute of our knowledge to make its proposals practical and workable. And above all, it is our responsibility to do our utmost to see to it that every grant of power given to the Government includes a provision for its termination as soon as the war is ended.

We have only begun to feel the impact of this war. The magnitude of it is staggering. The cost of it in blood, sweat and treasure is unprophesiable. The effect of it on our way of life is unknown. I think this can be said in spite of the fact that there are groups in our society who have the post-war period of life nicely charted. Post-war life will depend for one thing on the way the war ends. For my part, the one great task confronting us is the prosecution of the war. To this task we of the banking business have a big contribution to make. That is our first order of business.

"Bulletin" Buys "Ledger"

The name, good will and Associated Press membership of the suspended Philadelphia "Evening Ledger" was purchased on Feb. 20 by the Philadelphia "Evening Bulletin" for the sum of $40,000. The Philadelphia "Inquirer," of Feb. 21, reporting this said:

A certified check for the purchase price was turned over to Mercer B. Tate, Jr., counsel for the three trustees of the "Ledger," a few minutes after the sale was approved in U. S. District Court here.

The sale, it is stated, is subject to approval of the Associated Press. It is noted by the latter that efforts of the "Ledger" to reorganize under the Chandler Bankruptcy Act failed and the paper ceased publication on Jan. 5, last.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Saturday Feb. 28	Monday Mar. 2	Tuesday Mar. 3	Wednesday Mar. 4	Thursday Mar. 5	Friday Mar. 6
Boots Pure Drugs		32/9	32/9	33/3	32/9	32/9
British Amer. Tobacco	Closed	77/6	†78/1	78/–	75/9	74/9
*Cable & Wire ord.		£57½	£57½	£56½	£55¾	£53
Central Min. & Invest.		£11½	£11½	£11½	£11½	£11½
Cons. Goldfields of S. A.		36/9	36/9	36/9	36/3	35/–
Courtaulds (S.) & Co.		†31/6	31/9	32/6	32/–	32/–
De Beers		£8⅛	£8⅛	£8⅛	£8⅛	£7⅞
Distillers Co.		76/6	76/6	77/–	76/–	75/–
Electric & Musical Ind.		14/–	14/–	14/–	14/–	14/–
Ford Ltd.		25/3	24/9	25/–	25/3	25/–
Hudsons Bay Company		23/–	23/–	23/–	23/–	23/–
Imp. Tob. of G. B. & I.		128/9	129/3	130/–	126/3	123/9
*London Midland Ry.		£17⅛	£17¼	£17½	£17¼	£17⅛
Metal Box		76/–	73/–	73/–	73/–	73/–
Rand Mines		£6⅞	£6⅞	£6¾	£6¾	£6¾
Rio Tinto		£8	£8	£8	£8	£8
Rolls Royce		85/–	85/–	85/6	85/6	86/9
Shell Transport		37/3	38/–	38/–	36/3	35/9
United Molasses		31/6	31/6	31/3	30/3	30/–
Vickers		16/3	16/3	16/3	16/3	16/–
West Witwatersrand Areas		£4 3/16	£4 3/16	£4⅛	£3⅞	£3¾

*Per £100 par value. †Ex-dividend.

Batavia Consulate Closes

The closing of the offices of the United States Consulate General in Batavia, capital of Japanese-beleaguered Java of the Netherlands Indies, the removal of the staff for an undisclosed destination was indicated in advices to the State Department at Washington from Dr. Walter A. Foote, the Consul General, according to a Washington account Feb. 28th to the New York "Times," from which the following is also taken:

Officials said that such evacuation was seldom undertaken until the situation became extremely critical. Singapore fell on Sunday, Feb. 15, and the last United States consular representatives had not left there until the preceding Friday.

* * *

A State Department spokesman said that ranking officers in the field had discretion in wartime as to when they should close their consulates and leave, and it was indicated that Dr. Foote had made his own decision in the matter. The State Department had no information on press reports from the Far East that United States and British correspondents also had been advised to leave.

Disclosure of the closing of the Batavia consulate coincided with the Navy Department announcement that United States and other United Nations warships had yesterday beaten off a largely superior Japanese naval force near Java. The Navy Department announcement stressed, however, that "further action can be expected in this area."

Farm Parity Payments

Parity payments for 1942 will be made to growers of wheat, cotton, corn and tobacco who have complied with parity regulations under the Agricultural Adjustment Administration, the Department of Agriculture announced on Feb. 17. With regard thereto the Department says:

As in the past, 1942 parity payments are to be made on those of the five basic crops—the four above and rice—which during the previous crop year brought producers a total return less than parity. The usual provision for payments on rice is not included for 1942 because it appears that returns to rice producers on their 1941 crop will equal or exceed parity. However, the regulations will be amended to provide for payments on rice if later information shows that returns from the crop are below parity.

Parity payments will be made from an appropriation of $212,000,000 which was approved July 1, 1941. Parity payment rates for 1942 have not yet been established.

Heads WPB Planning Board

War Production Director Donald M. Nelson announced on Feb. 18 his "thinking committee," a three-man planning board set up to advise on all production and procurement problems. Heading the group is Robert R. Nathan, economist and statistician of Dayton, Ohio, who is at present chief of the Military and Civilian Requirements Branch of the War Production Board's Bureau of Research and Statistics. The other members are Frederick Searls, Jr., New York industrial engineer, new serving as consultant in the Ordnance Bureau of the War Department, and Thomas C. Blaisdell, Jr., of Pennsylvania, Assistant Director of the National Resources Planning Board.

Revenue Freight Car Loadings During Week Ended Feb. 28, 1942 Totaled 781,419 Cars

Loading of revenue freight for the week ended Feb. 28, totaled 781,419 cars, the Association of American Railroads announced on March 5. The increase above the corresponding week in 1941 was 24,749 cars or 3.3%, and above the same week in 1940 was 146,783 cars or 23.1%.

Loading of revenue freight for the week of Feb. 28 increased 6,824 cars or 0.9% above the preceding week.

Miscellaneous freight loading totaled 354,920 cars, an increase of 7,586 cars above the preceding week, and an increase of 29,655 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 143,542 cars, a decrease of 6,488 cars below the preceding week, and a decrease of 15,823 cars below the corresponding week in 1941.

Coal loading amounted to 162,500 cars, an increase of 3,835 cars above the preceding week, and an increase of 2,193 cars above the corresponding week in 1941.

Grain and grain products loading totaled 37,351 cars an increase of 1,248 cars above the preceding week, and an increase of 3,293 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Feb. 28 totaled 23,681 cars, an increase of 495 cars above the preceding week, and an increase of 3,082 cars above the corresponding week in 1941.

Live stock loading amounted to 10,470 cars, an increase of 523 cars above the preceding week, but a decrease of 36 cars below the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Feb. 28 totaled 7,438 cars, an increase of 161 cars above the preceding week, but a decrease of 134 cars below the corresponding week in 1941.

Forest products loading totaled 45,328 cars, an increase of 352 cars above the preceding week, and an increase of 4,585 cars above the corresponding week in 1941.

Ore loading amounted to 12,853 cars, a decrease of 186 cars below the preceding week, but an increase of 671 cars above the corresponding week in 1941.

Coke loading amounted to 14,455 cars, a decrease of 46 cars below the preceding week, but an increase of 211 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern and Pocahontas. All districts reported increases over 1940.

	1942	1941	1940
5 weeks of January	3,858,273	3,454,409	3,215,565
Week of Feb. 7	784,060	710,196	627,429
Week of Feb. 14	782,699	721,176	608,237
Week of Feb. 21	774,595	678,523	595,383
Week of Feb. 28	781,419	756,670	634,636
Total	6,981,046	6,320,974	5,681,250

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 28, 1942. During this period 88 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED FEB. 28

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	581	580	625	1,662	1,556
Bangor & Aroostook	2,115	1,907	2,019	212	206
Boston & Maine	7,711	8,312	7,459	15,458	12,141
Chicago, Indianapolis & Louisville	1,406	1,313	1,444	2,257	2,495
Central Indiana	33	12	22	56	51
Central Vermont	1,341	1,358	1,337	2,024	2,330
Delaware & Hudson	6,704	6,307	4,414	11,616	9,293
Delaware, Lackawanna & Western	8,805	9,502	8,649	8,988	8,264
Detroit & Mackinac	262	239	243	171	116
Detroit, Toledo & Ironton	2,164	3,318	2,633	1,743	2,117
Detroit & Toledo Shore Line	284	437	294	4,275	4,397
Erie	13,828	14,662	11,285	15,810	13,902
Grand Trunk Western	4,326	5,704	4,855	8,831	9,348
Lehigh & Hudson River	199	157	129	3,692	2,179
Lehigh & New England	1,741	1,745	1,455	1,703	1,278
Lehigh Valley	9,166	9,634	8,311	10,067	7,939
Maine Central	3,550	3,592	2,756	4,098	3,255
Monongahela	6,383	5,492	4,041	399	339
Montour	1,862	2,122	1,886	20	43
New York Central Lines	46,878	47,851	38,710	54,555	45,831
N. Y., N. H. & Hartford	11,988	11,985	9,736	18,388	13,456
New York, Ontario & Western	1,044	1,130	956	2,446	2,076
New York, Chicago & St. Louis	7,140	5,786	5,646	15,721	13,430
N. Y., Susquehanna & Western	479	498	407	1,351	1,584
Pittsburgh & Lake Erie	8,630	8,196	5,973	7,141	7,148
Pere Marquette	4,817	6,468	5,755	6,858	6,747
Pittsburgh & Shawmut	595	650	463	32	32
Pittsburgh, Shawmut & North	414	430	341	309	331
Pittsburgh & West Virginia	808	745	997	2,017	1,924
Rutland	494	592	607	1,138	1,121
Wabash	5,545	6,298	5,425	11,410	10,943
Wheeling & Lake Erie	4,751	4,324	3,468	4,148	3,914
Total	166,044	171,345	142,341	218,596	189,786
Allegheny District—					
Akron, Canton & Youngstown	699	603	403	1,081	1,020
Baltimore & Ohio	39,983	38,633	29,005	23,612	20,149
Bessemer & Lake Erie	3,159	3,085	2,134	1,614	1,653
Buffalo Creek & Gauley	*340	297	293	*2	4
Cambria & Indiana	1,971	1,963	1,469	17	14
Central R. R. of New Jersey	7,932	7,295	5,857	17,782	13,286
Cornwall	654	529	661	65	74
Cumberland & Pennsylvania	342	328	285	10	35
Ligonier Valley	125	174	190	43	31
Long Island	849	897	497	3,244	2,757
Penn-Reading Seashore Lines	1,647	1,264	994	2,123	1,493
Pennsylvania System	79,096	74,835	57,529	59,279	49,229
Reading Co.	16,232	16,507	13,801	25,939	20,106
Union (Pittsburgh)	21,470	19,339	14,470	3,636	3,473
Western Maryland	3,879	4,100	3,306	10,593	8,006
Total	178,378	169,849	130,894	149,040	121,330
Pocahontas District—					
Chesapeake & Ohio	24,269	24,585	22,829	10,557	9,919
Norfolk & Western	22,660	23,002	17,466	6,329	5,906
Virginian	4,207	4,821	4,691	2,249	1,522
Total	51,136	52,408	44,986	19,135	17,347
Southern District—					
Alabama, Tennessee & Northern	295	254	219	316	139
Atl. & W. P.—W. R. R. of Ala.	1,003	824	776	2,104	1,713
Atlanta, Birmingham & Coast	779	701	564	1,262	1,055
Atlantic Coast Line	13,376	10,970	10,007	8,427	6,636
Central of Georgia	4,515	4,146	3,852	3,753	3,734
Charleston & Western Carolina	385	403	403	1,901	1,609
Clinchfield	1,571	1,593	1,303	2,740	2,772
Columbus & Greenville	265	225	286	288	324
Durham & Southern	169	170	151	402	751
Florida East Coast	1,736	1,019	1,170	1,014	1,030
Gainsville Midland	48	36	32	150	109
Georgia	1,484	1,014	906	2,250	1,866
Georgia & Florida	454	367	287	697	622
Gulf, Mobile & Ohio	4,164	3,602	3,248	3,179	2,989
Illinois Central System	28,341	23,490	20,858	14,809	13,202
Louisville & Nashville	25,413	25,331	21,099	9,151	7,078
Macon, Dubin & Savannah	209	130	150	725	583
Mississippi Central	262	171	140	506	396
Nashville, Chattanooga & St. L.	3,467	3,077	2,695	3,639	3,241
Norfolk Southern	1,148	1,049	1,102	1,293	1,126
Piedmont Northern	498	433	397	1,382	1,573
Richmond, Fred. & Potomac	421	368	297	9,450	5,693
Seaboard Air Line	10,061	11,293	9,334	7,164	7,057
Southern System	24,675	24,362	20,464	21,681	17,437
Tennessee Central	565	541	372	836	768
Winston-Salem Southbound	138	134	134	989	927
Total	125,442	115,703	100,246	100,017	84,430
Northwestern District—					
Chicago & North Western	17,335	16,723	14,245	13,559	12,432
Chicago Great Western	2,604	2,486	2,360	3,310	3,150
Chicago, Milw., St. P. & Pac.	19,410	21,294	18,414	8,266	9,154
*Chicago, St. Paul, Minn. & Omaha	4,217	4,056	3,385	4,117	3,758
Duluth, Missabe & Iron Range	1,350	861	726	514	208
Duluth, South Shore & Atlantic	716	690	514	553	498
Elgin, Joliet & Eastern	9,869	7,679	6,647	10,384	9,148
Ft. Dodge, Des Moines & South	526	383	382	138	128
Great Northern	11,223	11,090	9,750	4,467	3,706
Green Bay & Western	638	508	489	966	714
Lake Superior & Ishpeming	322	244	250	64	82
Minneapolis & St. Louis	1,907	1,708	1,518	2,338	2,450
Minn., St. Paul & S. S. M.	5,392	5,756	4,868	3,629	3,270
Northern Pacific	9,832	10,798	9,172	4,688	4,361
Spokane International	82	105	81	323	248
Spokane, Portland & Seattle	2,611	2,403	1,729	2,453	1,835
Total	88,034	86,784	74,530	59,769	55,142
Central Western District—					
Atch., Top. & Santa Fe System	20,981	17,599	17,210	8,125	7,113
Alton	3,468	3,259	2,544	3,210	2,891
Bingham & Garfield	506	443	529	103	126
Chicago, Burlington & Quincy	16,027	17,723	14,272	10,773	10,436
Chicago & Illinois Midland	2,950	2,625	2,484	848	789
Chicago, Rock Island & Pacific	10,422	11,017	10,246	10,475	10,662
Chicago & Eastern Illinois	2,882	3,050	2,623	2,997	3,201
Colorado & Southern	804	746	651	1,682	1,505
Denver & Rio Grande Western	2,589	2,749	2,345	3,461	2,982
Denver & Salt Lake	644	640	532	6	9
Fort Worth & Denver City	828	697	998	877	720
Illinois Terminal	2,027	1,793	1,886	1,747	1,514
Missouri-Illinois	1,288	939	794	779	571
Nevada Northern	1,993	1,961	1,905	149	115
North Western Pacific	880	606	394	449	369
Peoria & Pekin Union	30	10	9	0	0
Southern Pacific (Pacific)	25,744	23,691	20,494	8,514	5,692
Toledo, Peoria & Western	309	450	382	1,077	1,368
Union Pacific System	14,504	13,949	13,095	10,572	8,414
Utah	556	356	345	4	4
Western Pacific	1,452	1,667	1,067	2,693	2,179
Total	110,884	105,970	94,805	68,541	60,660
Southwestern District—					
Burlington-Rock Island	173	120	132	299	223
Gulf Coast Lines	4,990	3,229	3,279	2,614	1,794
International-Great Northern	2,157	1,688	1,663	2,771	2,595
Kansas, Oklahoma & Gulf	275	223	245	1,101	1,009
Kansas City Southern	3,572	2,417	2,063	2,740	2,230
Louisiana & Arkansas	2,435	2,412	1,719	2,505	1,563
Litchfield & Madison	387	348	375	1,124	1,006
Midland Valley	658	634	618	253	229
Missouri & Arkansas	201	133	186	384	368
Missouri-Kansas-Texas Lines	4,897	4,479	3,871	3,990	3,516
Missouri Pacific	16,617	16,639	12,880	14,408	11,767
Quanah Acme & Pacific	131	67	120	297	122
St. Louis-San Francisco	8,038	7,964	6,662	6,826	5,648
St. Louis Southwestern	3,727	2,573	2,326	4,999	3,260
Texas & New Orleans	8,480	7,261	6,712	4,668	3,479
Texas & Pacific	4,609	4,280	3,849	6,929	4,824
Wichita Falls & Southern	123	132	110	39	51
Weatherford M. W. & N. W.	31	12	24	35	100
Total	61,501	54,611	46,834	55,982	43,784

*Previous figures.
Note—Previous year's figures revised.

Agricultural Goals And Food For Freedom Require Increased Production From Farms In '42

Discussing "Agricultural Goals and the Food-for-Freedom Program," of the war, Norman J. Wall, head of the Division of Agricultural Finance, Bureau of Agricultural Economics, of the U. S. Department of Agriculture, addressing the Credit Clinic of the ABA in New York on March 4 stated that "the size of the production of all farm commodities, with only a few exceptions, is to be increased in 1942." In part Mr. Wall added:

There is no way to tell exactly how much more money farmers will need to spend or invest to reach the goals for 1942 or those that may be set for later years. Farmers' expenditures for operating expenses and investments in livestock, machinery and farm buildings were about 20% higher in 1941 than in 1939, and they will increase still more if prices continue to rise and if production is increased still further. Before World War I was over, such expenditures were about 90% higher than in 1914, and by 1920, nearly 120% higher. Price controls, and priorities on various things, will help to hold down farmers' expenses and investment requirements.

There will also be need for considerably expanded processing and marketing facilities to handle the increased output of many products. For the most part farmers will not be called upon to help finance these facilities but in some cases they may. In any event, the financing required to enlarge such facilities must be provided.

All of these things—farmers' increased expenses for labor and supplies and their increased investment in livestock, machinery, buildings, and, in some cases, processing plants—should ultimately be paid from increased income. But many farmers will have to meet increased expenses and make increased investments before they receive the increased income. This is particularly the case when expenses are highly seasonal and when large investments have to be made. This will mean a material increase in the demand for loans from banks and Federally sponsored agencies to attain the production goals.

Farmers' loans from commercial banks and Federal agencies for production purposes already appear to be about 30% higher than in 1939. The chances are that they will go considerably higher in this all-out effort.

* * *

Many farmers are hopelessly debt-ridden. Some could produce more. With many, however, more credit would merely add to their burdens and be money thrown away. It would seem better to help such farmers adjust their debts or perhaps change to some other work.

Inefficient farmers can seldom use credit productively. To finance expansion by such farmers might get them hopelessly in debt and would probably waste scarce materials that could be put to better use by more capable farmers.

As already indicated, credit that will result in burdensome debts running years into the future should be avoided when possible. But a glance back to the time of World War I suggests that most farmers need not worry greatly about the credits necessary to increase production if they will avoid uses of credit that are not necessary for this purpose. Huge debts were incurred during, and particularly, just after World War I, to buy farms at inflated prices, to purchase costly herds of stock, to make expensive improvements on farms, and sometimes, to buy blue-sky stocks. Credit was also used with a free hand for living expenses. Such mistakes were responsible for much of the debt that caused troubled in later years.

* * *

Lenders are familiar with the productivity of farms in their loan territories, and with the ability and financial situation of many farmers. Because of this, they are in a strategic position to judge what farmers can and should increase production, and to detect tendencies for farmers to become over-extended. Moreover they can give encouragement, and advance credit, to farmers who ought to expand production and can guide those farmer borrowers who may not now be in a position to expand their use of credit.

Their contribution, however, can be much broader than this. They can help to bring about improved methods of farming, better leasing arrangements, and better business methods on the farm. Their advice can frequently be of great assistance to agricultural workers. Bankers and other lenders should be urged to devote their initiative, judgment, and efforts toward attainment of the general agricultural objectives as well as the attainment of the immediate necessities of the war.

Discussing the same subject before the Credit Clinic on March 4, H. N. Young, head of the Department of Agricultural Economics and Rural Sociology, Virginia Polytechnic Institute, Blacksburg, Va., stated that "the job of supplying the working capital needed for the successful operation of the Food-for-Freedom Program is one of the most important phases of financing which confronts the nation." "The commercial banking system," he added, "has not only an important responsibility, but it is being presented with one of its

greatest opportunities to render an important public service at a profit."

Speaking on the same subject was Dr. Van B. Hart, Extension Professor of Farm Management, New York State College of Agriculture, Cornell University, Ithaca, N. Y., said:

This Food-for-Freedom Program is not only a challenge to the farmers of America but to all of us who are working with them in a business or educational way. The Food-for-Freedom Program is not any pet child of the United States Department of Agriculture, of the American Bankers Association, of the Agricultural Extension Service, or even of farmers themselves. It is a program of the United States of America and one that needs and warrants the support of every citizen of this country.

We may not all agree on how the details of this program should be handled, but I think we can agree that we have got to increase our food production in order to win the war and we haven't time to question who should get credit for doing the job.

Govt. Financing In '41 75% Of Cash Offerings

The Securities and Exchange Commission announces that new issues of securities offered for cash in the fourth quarter of 1941 amounted to $5,149,000,000, bringing the aggregate 1941 offerings to over $13,000,000,000. Grouping government and corporate security offerings together, 1941 new cash offerings exceeded those in any other year since the first World War. Almost three-fourths of the 1941 total is accounted for by sales of United States Government direct and guaranteed securities which amounted to $9,496,000,000, including cash receipts from sales of United States Savings and Defense bonds of more than $3,000,000. In December, alone, $2,131,000,000 of Government securities were sold, with Defense bond sales comprising $529,000,000 of the total. Flotations of corporate securities declined in the closing months of the year so that the 1941 total of $2,524,000,000 was less than the preceding yearly figure by approximately $260,000,000. State and municipal offerings likewise declined to $959,000,000, while other securities (chiefly eleemosynary issues) comprised the remaining $30,000,000 of offerings.

The SEC explains that these statistics, prepared by the Research and Statistics Subdivision of its Trading and Exchange Division, include all new corporate and non-corporate issues offered for cash in the United States that are reported in the financial press, with the exception of issues under $100,000 in amount and, in the case of debt issues, of a maturity of less than one year. It is further indicated by the Commission that issues sold through continuous offering, such as sales of securities of open-end investment companies, are not included and that the most important group excluded because of their short-term maturity are Treasury bills and tax series notes. The series includes securities of common carriers, issues placed privately, and Federal, State and local governmental issues. So far as United States Government issues are concerned, only issues offered to the public are included.

The Commission's announcement further said:

Of total securities offered 98% were fixed-interest-bearing securities, 81% representing non-corporate debt, and 17% corporate bonds, notes, and debentures. Total corporate issues consisted of $2,247,000,000 debt issues, $167,000,000 preferred stock, and $110,000,000 of common stock. The amount of equity securities was approximately the same as was marketed in 1940, but was only about 40% as large as in 1937.

Public utility companies again were the largest corporate issuers of securities, flotations of this group increasing to $1,323,000,000, or 52% of all corporate flotations. Offerings by railroad companies increased to $366,000,000, of which more than two-thirds consisted of equipment trust issues. Issues of industrial companies, on the other hand, declined to $735,000,000, while miscellaneous other issues—largely financial companies—were at the lowest level since the series began, at about $100,000,000.

Private placements of corporate issues during 1941 declined to $632,000,000 from a record peak of $770,000,000 in the preceding annual period. This amount, which is exclusive of issues sold by competitive bidding to ultimate investors, was the smallest since prior to 1938 when the growth in this type of transaction increased sharply over earlier yearly levels. In relation to total corporate bond financing, 28% of all bonds, notes and debentures were privately placed in 1941, which is somewhat less than the percentage found for the last four years. Of total private placements, utility issues aggregated $404,000,000; industrial securities, $176,000,000; and rail and other issues, $52,000,000.

The chief use of proceeds raised through new corporate issues in 1941 was the repayment of indebtedness, 66% of estimated net proceeds being designated for this purpose. The sum to be used for retirement of funded debt and preferred stock and repayment of other indebtedness totalled $1,631,000,000 for 1941, which was less than the amount in 1939 and 1940. The reduction is mainly due to the shrinkage in amount of refundings carried out, which declined to $1,448,000,000. Money being used for repayment of other debt (chiefly bank loans) and retirement of preferred stock also declined to $102,000,000 and $80,000,000, respectively, although in proportion to total net proceeds, there was no significant change from previous years.

The amount of "new money"—additions to plant and equipment and working capital—received by corporations increased to the highest level in four years, amounting to slightly under $800,000,000 and accounting for 32% of net proceeds. Proceeds from securities intended for purchases of plant and equipment rose to $639,000,000, the highest amount since this statistical series began in 1934, and the largest total in ten years. Purchases of equipment by railroads was largely responsible for the increased amount, with more sales of equipment trust issues in 1941 than in any year since the early 1920's. Public utility companies also showed larger additions to plant and equipment through money raised from new securities, likewise being the highest amount carried in this series. Money designated for working capital, however, absorbed only $158,000,000 of net proceeds from all corporate flotations, an amount below any year since 1935, except for 1939. Other miscellaneous purposes accounted for the remaining $53,000,000 (or 2%) of total net proceeds.

The figures for nine months were given in our issue of Feb. 5, page 571.

NYSE Borrowings

The New York Stock Exchange announced on March 3 that the total of money borowed as reported by Stock Exchange member firms as of the close of business Feb. 28 aggregated $339,752,458, an increase of $15,193,659 as compared with the Jan. 31 total of $324,558,799. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members or national securities exchanges reported by New York Stock Exchange member firms as of the close of business Feb. 28, 1942, aggregated $339,752,458.

The total of money borrowed, compiled on the same basis, as of the close of business Jan. 31, 1942, was $324,558,799.

SEC Reports 25 Security Issues Totaling $225,171,000 Were Registered In January

The Securities and Exchange Commission announced on Feb. 27 that securities effectively registered under the Securities Act of 1933 during the month of January aggregated $225,171,000, according to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. This was almost double the volume of the preceding month, but was about the same as the monthly average of 1941. Registrations effective in January consisted of 13 statements covering 25 issues. Of the total effective registrations for the month, $35,859,000 were not proposed for sale and $23,250,000 were registered for the account of others than the issuers, leaving $166,062,000 which were registered by the issuers for cash sale.

The Commission also had the following to say:

Electric, gas and water utilities accounted for 55%, manufacturing companies 26%, transportation companies 16% and financial and investment companies 3% of the securities registered by issuers for sale. The totals of the utility and manufacturing groups were largely accounted for by three issues: Alabama Power Co. 3½% first mortgage bonds in the amount of $81,400,000; 265,669 shares of United Aircraft Corp. 5% preferred stock in the amount of $26,566,900; and Union Oil Co. of California 3% debentures in the amount of $14,925,000.

Over half—56%—of the securities registered by issuers for sale were in the form of secured bonds. Unsecured bonds amounted to 10% of the total. Preferred stocks in accounting for 32% showed a substantial gain over their average proportion of 8% for 1941.

The proportion of net proceeds to be applied to new money purposes — expansion of plant and equipment and increase of working capital—was substantially higher in January, 1942 than for the average month of 1941. Plant and equipment was to be purchased with $24,344,000 and working capital was to be increased with $33,072,000. Together these accounted for 35% of the total net proceeds compared with a monthly average in 1941 of 26%.

Repayment of indebtedness and retirement of preferred stock was intended to absorb 56% of net proceeds, compared with a monthly average of 58% for 1941. Refunding of bonds and notes was to absorb $79,861,000, repayment of other debt $297,000, and retirement of preferred stock $10,000,000. Almost all of the remaining 9% of net proceeds was to be applied to purchase of securities: $10,830,000 for affiliation and $3,016,000 for investment.

The principal method of flotation was through underwriters. Underwritten securities amounted to over 97% of the total, and on these the average rate of remuneration was 1.8%. Less than 3% of all the securities registered by issuers for sale were to be distributed under agency agreements, and on these the estimated average rate of remuneration was 9.9%. Less than one percent were to be distributed directly by issuers.

Compensation to both underwriters and agents aggregated $3,391,000, or 2.0% of gross proceeds, and other expenses amounted to $9,993,000, or 0.6%, making total costs of flotation $4,384,000, or 2.6% of gross proceeds, compared with 2.3% for the preceding twelve months.

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
By Types of Securities—January, 1942

Type of Security	Total Securities Effectively Registered: No. of Issues	Total Securities Effectively Registered: Amount	Total Less Securities Reserved for Conversion or Substitution: Amount	Percent Jan. 1942	Percent Jan. 1941	Securities Proposed For Sale by Issuers: Amount	Percent Jan. 1942	Percent Jan. 1941
Secured bonds	3	$93,455,000	$93,455,000	46.6	34.4	$93,455,000	56.3	37.0
Unsecured bonds	3	16,060,000	16,060,000	8.0	15.2	16,060,000	9.7	16.4
Face amt. certificates	0	------	------	---	39.2	------	---	42.2
Preferred stock	6	60,878,462	60,878,462	30.4	1.7	53,121,446	32.0	0.6
Common stock	8	51,377,991	26,570,454	13.3	8.1	25,454	0.0	2.3
Certificates of participation, beneficial interest, etc.	4	3,400,000	3,400,000	1.7	1.4	3,400,000	2.0	1.5
Warrants or rights	1	------	------	---	---	------	---	---
Substitute secur. (v.t. ctfs. & ctfs. of dep.)	0	------	------	---	---	------	---	---
Grand Total	25	225,171,453	200,363,916	100.0	100.0	166,061,900	100.0	100.0

Labor Bureau's Wholesale Price Index Rises To Highest Since Sept. 1928

The Bureau of Labor Statistics, U. S. Department of Labor, announced on March 5 that sharp increases in prices for textiles, particularly woolen and worsted materials, featured primary commodity markets during the last week of February. The Bureau's all-commodity index of wholesale prices for nearly 900 series advanced 0.3% to 96.8% of the 1926 average, the highest level reached since September, 1928. In the past month the index has risen nearly 1% and it is more than 20% above a year ago.

The Bureau's announcement further said:

Except for increases of 1.3% for textile products and 0.7% for foods, price advances were comparatively small. Prices of hides and leather products, building materials and chemicals and allied products rose 0.2% and farm products and metals and metal products advanced 0.1%. Fuel and lighting materials, on the other hand, declined 0.1% with further reductions for oil and gasoline in mid-continent fields, while average prices for housefurnishing goods and miscellaneous commodities remained unchanged at last week's levels.

Increases of 5.2% for woolen and worsted goods; 1.3% for clothing; and 0.2% for cotton goods, mostly cotton yarns, brought prices of textile products as a group to a 13-year peak. Shoe prices advanced slightly during the week.

Average prices for foods in primary markets increased 0.7% largely because of higher quotations for canned and dried fruits, for bananas and citrus fruits, for fresh beef and pork, cured pork, for mutton, and for flour, peanut butter and tallow. Prices were lower for butter, rice, apples, beans, onions, potatoes, and for eggs, oleomargarine and tea.

The movement in prices for agricultural commodities was mixed. Hogs, cotton and barley advanced slightly in central markets, while quotations were lower for most grains, including corn, oats, rye, wheat; as well as for cows, steers, and live poultry.

The minor increase in building materials prices was due to higher prices for lumber, including maple flooring and most types of yellow pine and redwood. Quotations were lower for gum, oak, red cedar shingles, and for rosin.

Higher prices for phosphate rock and mixed fertilizers accounted for the increase in the chemicals and allied products group index. Prices for castor oil declined. Minor increases were reported in prices for boxboard and for soap.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Jan. 31, 1942 and March 1, 1941, and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Feb. 21 to Feb. 28, 1942.

(1926=100)

Commodity Groups—	2-28 1942	2-21 1942	2-14 1942	1-31 1942	3-1 1941	Percentage changes to Feb. 28, 1942 from 2-21 1942	1-31 1942	3-1 1941
All Commodities	96.8	96.5	96.2	95.9	80.5	+0.3	+0.9	+20.2
Farm products	102.0	101.9	100.7	101.3	70.4	+0.1	+0.7	+44.9
Foods	95.5	94.8	94.0	93.9	73.1	+0.7	+1.7	+30.6
Hides and leather products	116.3	116.1	116.1	115.7	102.1	+0.2	+0.5	+13.9
Textile products	94.9	93.7	93.6	93.6	76.3	+1.3	+1.4	+24.4
Fuel and lighting materials	78.4	78.5	78.7	78.8	72.6	—0.1	—0.5	+ 8.0
Metals and metal products	103.7	103.6	103.6	103.6	98.0	+0.1	+0.1	+ 5.8
Building materials	109.9	109.7	109.8	109.6	99.5	+0.2	+0.3	+10.5
Chemicals and allied products	97.1	96.9	96.9	96.7	78.6	+0.2	+0.4	+23.5
Housefurnishing goods	104.1	104.1	104.0	102.9	90.7	0	+1.2	+14.8
Miscellaneous commodities	89.1	89.1	89.0	88.4	76.7	0	+0.8	+16.2
Raw materials	97.4	97.2	96.4	96.4	73.9	+0.2	+1.0	+31.8
Semimanufactured articles	91.9	91.9	91.9	92.0	82.0	0	—0.1	+12.1
Manufactured products	97.4	97.1	96.9	96.4	83.7	+0.3	+1.0	+16.4
All commodities other than farm products	95.6	95.3	95.2	94.7	82.7	+0.3	+1.0	+15.6
All commodities other than farm products and foods	95.0	94.8	94.9	94.7	84.7	+0.2	+0.3	+12.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
FEB. 21, 1942 TO FEB. 28, 1942

Increases

Woolen and worsted goods	5.2	Lumber	0.4
Fruits and vegetables	3.4	Fertilizer materials	0.4
Plumbing and heating	3.0	Cereal products	0.3
Meats	1.3	Cotton goods	0.2
Clothing	1.3	Shoes	0.2
Mixed fertilizers	1.1	Paper and pulp	0.1
Other farm products	0.5	Other miscellaneous	0.1

Decreases

Grains	0.5	Dairy Products	0.2
Livestock and poultry	0.4	Petroleum products	0.2
Other foods	0.4	Paint and paint materials	0.1

Endorse Community Chest For New York City

Business men are endorsing a suggestion for a community chest for the support of voluntary welfare and health agencies in New York City. The suggestion was made by James G. Blaine, Chairman of the Board of the Greater New York Fund, to representatives of 400 agencies at the Fund's recent annual meeting. Mr. Blaine emphasized that, in proposing a community chest, he was speaking solely as an individual and not as an officer of the Fund, or for any of its boards, or committees. James A. Farley, former Postmaster General and Chairman of the Funds campaign last year, told the meeting that "the donor deserves a break." He said people in the metropolis are bewildered by the great number of drives carried on throughout each year and that the situation is further complicated this year by the national organizations appealing for support.

Mr. Blaine said in part:

> Because of present-day conditions, the time has come when all of us should give serious consideration to converting the Greater New York Fund, as it is presently constituted, into a full community chest in 1943. I believe that the present costs of raising money could be reduced materially if we had one fund-raising agency in the place of the number which now exist.

He added that "the public should have a voice in determining how charitable funds should be solicited" and suggested a popular referendum similar to the Gallup poll.

John W. Hanes, former Under-Secretary of the Treasury, was introduced as Chairman of the 1942 campaign to succeed Mr. Farley. Mr. Hanes appealed for united support in this year's drive for agencies affiliated with the Fund and announced that the campaign will open on March 23.

Mr. Blaine, who had been President of the Fund since it was founded in 1938, was elected Chairman of the Board, and Thomas S. Lamont, a Vice-President of J. P. Morgan & Co., was chosen President to succeed Mr. Blaine. William S. Gray, Jr., President of the Central Hanover Bank & Trust Co., and Treasurer for the Fund, reported that the 1941 drive, under the Chairmanship of Mr. Farley, produced $4,250,000, a gain of $500,000 over any previous campaign.

Bank Loans For War Up

A further increase of $460,000,000 in the volume of loans and commitments made by commercial banks to finance war goods production is shown by the quarterly survey of defense lending activity of the American Bankers Association, for the quarter ended Dec. 31, 1941, released for publication on March 1. The survey showed that 391 reporting banks in 152 cities had defense loans and commitments for defense loans outstanding on Dec. 31 of $2,229,289,460, an increase of $464,289,460 over Sept. 30. The ABA report is based on a survey of 500 of the country's larger banks, 391 of which reported the above figure of $2,229,289,460, says the announcement, which adds:

> The survey revealed that 77% of the loans and commitments were made without requiring the assignment of the Government contract, while in 23% of the cases was such an assignment required.
>
> The 391 banks reported loans and commitments for supplies and equipment totaling $1,005,507,334, and for new plant facilities and construction, $714,974,854. For working capital loans arising out of operations of customers contributing indirectly to national defense they reported $508,807,272.

January Hotel Sales Advance

In their monthly report on the trend of business in hotels, Horwath & Horwath, New York public accountants, state that hotel sales in January increased over the same month of last year at about the same rates as during the last half of 1941. Total sales rose 9%; room sales, 8%; and restaurant, 10%. The total increase in room rates was 5% against an average of only 3% for the year 1941, and occupancy at 71% is the highest for the month of January since 1930.

The firm's bulletin adds:

> For beverage sales there was a country-wide increase of 15% against one of only 8% for food; all the groups except Texas reported bigger gains in beverages than in food.
>
> Of course Washington had the largest percentage of increase, and the highest average occupancy among all the groups. Rates there were up 11%. In New York City there were moderate increases, confined mostly to the large, active transient hotels, but rates were up only 1%. The Pacific Coast made a considerably better comparison with a year ago than in December; while occupancy there was down 2 points, restaurant sales were up 9% and total business registered a gain of 3%.
>
> Chicago had an average occupancy of 79%, its highest in the last two years and, next to Washington, the highest reported for January, 1942.

JANUARY, 1942, COMPARED WITH JANUARY, 1941

	Sales, Increase or Decrease					Occupancy		†Room Rate
	*Total	Rooms	Total Restaurant	Food	Beverages	Jan., 1942	Jan., 1941	Increase or Decr.
New York City	+ 6%	+ 4%	+ 7%	+ 5%	+12%	73%	71%	+ 1%
Chicago	+ 7	+ 7	+ 7	+ 6	+10	79	78	+ 6
Philadelphia	+15	+17	+12	+10	+15	56	52	+ 8
Washington	+24	+27	+22	+20	+27	85	74	+11
Cleveland	+ 7	+ 5	+ 9	+ 7	+12	69	70	+ 7
Detroit	+11	+15	+ 5	+ 4	+ 7	71	66	+ 7
Pacific Coast	+ 3	— 3	+ 9	+ 8	+14	64	66	+ 2
Texas	+ 5	+ 6	+ 3	+ 5	— 9	74	69	— 3
All others	+11	+10	+12	+ 9	+17	68	66	+ 6
Total	+ 9%	+ 8%	+10%	+ 8%	+15%	71%	69%	+ 5%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

Automobile Output In January

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for January, 1942, consisted of 238,261 vehicles, of which 147,858 were passenger cars and 90,403 commercial cars, trucks, and road tractors, as compared with 282,205 vehicles in December, 1941, 500,878 vehicles in January, 1941, and 432,279 vehicles in January, 1940. These statistics comprise data for the entire industry and were made public on March 3 by Director J. O. Capt, Bureau of Census, Department of Commerce.

As the publication of foreign trade statistics has been suspended for the duration of the war, the statistics on United States factory sales of automobiles to the domestic market and to foreign markets have been combined in this report.

Statistics for 1942 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics.

Figures of automobile production in December, 1941, 1940 and 1939 appeared in the Feb. 19, 1941 issue of the "Chronicle," page 766.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

	United States (Factory Sales)			Canada (Production)		
Year and month	Total (all vehicles)	Passenger cars	Commercial cars, trucks and road tractors	Total	Passenger cars	Commercial cars and trucks
1942—						
January	238,261	147,858	90,403	21,751	4,249	17,502
1941—						
January	500,878	411,233	89,645	23,195	11,990	11,205
December	282,205	174,962	107,243	20,313	6,651	13,662
1940—						
January	432,279	362,897	69,382	17,213	12,579	4,634
December	483,567	396,531	87,036	23,364	11,653	11,711
1939—						
December	452,142	373,804	78,338	16,978	11,491	5,487

Mid-January Non-Agricultural Employment Cut By Seasonal Factors, Labor Dept. Reports

Seasonal declines in trade, construction, and manufacturing accounted largely for the decrease of about 1,235,000 in civil non-agricultural employment from mid-December to mid-January Secretary of Labor Frances Perkins reported on Feb. 27. "The decrease in employment in wholesale and retail trade amounted to 760,000 workers, and reflected the usual reduction in temporary personnel employed to handle the Christmas holiday trade," she said. "Contract construction showed a decrease of 161,000 as a result of reductions in both Federal and non-Federal construction. Total factory employment declined by 145,000, employment falling sharply in consumer durable goods industries converting to war production and in many seasonally curtailed non-durable goods industries. War industries, however, continued to expand at a rapid rate. Government employment was reduced by 57,000 as temporary post office personnel was released." Secretary Perkins further stated:

> Civil non-agricultural employment totaled approximately 39,850,000 in January, 1942 and was 2,700,000 greater than in January, 1941. During the year manufacturing has accounted for an increase of 1,500,000 workers. Federal, State, and local government employment increased 443,000, trade rose 250,000; transportation and public utilities 250,000; finance and service 118,000; contract construction 90,000; and mining 26,000.
>
> The decrease in manufacturing employment from December to January was of less than the usual seasonal proportions, but was larger than the decline that occurred during the corresponding period of the previous year. The chief reduction among consumers' durable goods industries—which are converting their facilities, completely or partially, to the manufacture of munitions—occurred in automobile plants where 50,000 fewer wage earners were employed.
>
> Other consumer durable goods industries showing substantial employment declines were stoves, radios and phonographs, furniture, washing machines, clocks and watches, jewelry, and silverware. Substantial reductions were also reported by the following metal working industries: hardware, plumbers' supplies, stamped and enameled ware, wirework, and lighting equipment. Although seasonal factors were responsible for declines in a number of the non-durable goods industries, shortages of raw materials caused decreases in such industries as hosiery, rubber tires and tubes, woolen and worsted goods, carpets and rugs, and silk and rayon.
>
> Employment for all manufacturing industries combined decreased 1.3% over the month to 132.5% of the 1923-25 average. Factory pay rolls increased 1.8% over the month of 173.2% of the 1923-25 average. Compared with January, 1941, factory employment advanced 14.7% and pay rolls 43.5%. The considerably greater increase in pay rolls reflects expansion in working hours, overtime payments, and wage-rate increases.
>
> Among the mining industries the only substantial decrease between December and January occurred in quarrying the nonmetallic mines. Little significant change occurred in either anthracite or bituminous coal, metal mining or crude petroleum producing. The largest increases over the year were in metal mining, quarrying and non-metallic mining, and bituminous coal mining. Changes over the month in the various public utilities were of about the usual seasonal amounts while telephone and telegraph companies reported the largest gains over the year interval.
>
> In retail trade, post-holiday employment showed the usual seasonal curtailment with a loss of 15%, while pay rolls decreased 12%. Wholesale trade employment declined seasonally by 1.5% over the month, while pay rolls showed virtually no change.
>
> Sizeable gains occurred in non-agricultural employment from January, 1941, to January, 1942, in most of the States, with Florida and Louisiana the only States showing decreases. The largest percentage increases occurred in Alabama (22.9); Oregon (21.4); District of Columbia (21.2); Arkansas (17.9); Washington (17.6); and California (16.4).

The Labor Department's announcement also had the following to report:

> Employment declined 14,600 persons on construction projects financed from regular Federal appropriations during the month ending Jan. 15, 1942. Other construction projects also showed employment declines; USHA employed 2,600 fewer persons, PWA 400, and RFC 300. Defense construction, however, continued to expand, employing 700 more persons in January than in December. The increase in employment on defense construction projects since a year ago was 340,000 persons. The number of construction workers on all Federally-financed projects in January was 1,066,000. Except for approximately 12% who were force-account workers, these employees were not hired directly by the Federal Government, but by private contractors and subcontractors. During the month of January 20,200 fewer workers were employed on the construction and maintenance of State and locally-financed State roads.
>
> Little change occurred in the number of employees of the Legislative and Judicial branches of the Federal Government during the month of January, but the Executive branch showed a decline of 25,900 workers, due mainly to the release of temporary post office workers hired for the Christmas season. Since January, 1941, the number of workers added to the staff of the Executive branch was 492,000.
>
> Employment on work-relief programs declined 7% during the month of January. The employment decreases were distributed as follows: NYA, 81,800 persons (student work program 31,100 and out-of-school work program, 50,700), CCC, 12,800 persons, and WPA, 29,400 persons. Since January of last year employment on the work-relief programs has contracted 44%.

EMPLOYMENT AND PAYROLLS ON CONSTRUCTION PROJECTS FINANCED WHOLLY OR PARTIALLY FROM FEDRAL FUNDS AND ON STATE ROADS FINANCED WHOLLY FROM STATE OR LOCAL FUNDS, JANUARY, 1942

(In Thousands)

	Employment	Change from—		Pay Rolls	Change from—	
Program	Jan. *1942	Dec. 1941	Jan. 1941	Jan. *1942	Dec. 1941	Jan. 1941
†Financed by regular Federal Appropriations	1,025.0	—14.6	+312.0	$172,047	— $215	+$71,083
Defense	922.0	+ .2	+325.0	156,958	+1,588	+ 68,907
Other	103.0	—14.8	— 13.2	15,089	—1,803	+ 2,176
‡U. S. Housing Authority	22.9	— 2.6	— 12.3	3,074	— 334	— 1,025
Defense	6.7	+ .8	+ 2.3	927	+ 120	+ 463
Other	16.3	— 3.4	— 14.6	2,147	— 454	— 1,488
‡Financed by PWA	2.0	— .4	— 12.2	250	— 230	— 1,634
‡Defense Public Works	.5	+ .1	§	40	+ 2	§
‡Financed by RFC	15.5	— .3	+ 12.5	3,113	+ 235	+ 2,817
Defense	13.8	— .4	+ 12.6	2,829	+ 199	+ 2,719
Other	1.7	+ .1	— .1	284	+ 36	+ 98
¶State Roads	129.0	—20.2	— 3.5	12,015	— 888	+ 1,443

*Preliminary. †Employment data represent the weekly average; pay roll data are for the month ending the 15th except data for Federal-aid roads which are for the calendar month. Data for Federal-aid roads for January, 1942 are estimated. ‡Employment data represent the weekly average; pay roll data are for the month ending the 15th. §Program not in operation. ¶Data are for the calendar month. Employment data represent the average number working during the month. Data for January, 1942 are estimated.

EMPLOYMENT AND PAYROLLS IN REGULAR FEDERAL SERVICES, JANUARY, 1942
(In Thousands)

	Employment			Pay Rolls		
		Change from			Change from	
Service—	*Jan. 1942	Dec. 1941	Jan. 1941	*Jan. 1942	Dec. 1941	Jan. 1941
Executive	1,645.0	—25.9	+492.0	$252,740	—$1,712	+$74,326
Legislative	6.3	+ .1	+ .4	1,379	+ 5	+ 65
Judicial	2.6	†	+ .1	667	+ 10	+ 26

*Preliminary. †Difference less than 50.

EMPLOYMENT AND PAY ROLLS ON WORK-RELIEF PROGRAMS, JANUARY, 1942
(In Thousands)

	Employment			Payrolls		
		Change from			Change from	
Program—	*Jan. 1942	Dec. 1941	Jan. 1941	*Jan. 1942	Dec. 1941	Jan. 1941
†WPA projects	1,024.0	— 29.4	—881.0	$62,900	—$6,870	—$41,927
Defense	325.0	+ 2.6	‡	19,800	— 963	‡
Other	699.0	— 32.0	‡	43,100	— 5,907	‡
†NYA projects:						
Student work program	307.0	— 31.1	—137.0	1,854	— 458	— 914
Out-of-school work progr.	237.0	— 50.7	—187.0	5,813	— 1,115	— 2,152
§Civilian Conserv. Corps	140.0	— 12.8	—158.0	6,866	— 619	— 6,462

*Preliminary. †Data are for the calendar month. ‡Defense and other categories not set up. §Data on employment are for the last day of the month; pay rolls for the entire month.

ESTIMATES OF TOTAL NONAGRICULTURAL EMPLOYMENT
(In Thousands)

	Jan., 1942 (preliminary)	Dec., 1941	Change Dec., 1941 to Jan., 1942	Jan., 1941	Change Jan., 1941 to Jan., 1942
Total civil non-agricultural employment	39,838	41,073	—1,235	37,142	+2,696
Employees in non-agricul. establish.	33,695	34,930	—1,235	30,999	+2,696
Manufacturing	12,594	12,739	— 145	11,075	+1,519
Mining	878	908	— 30	852	+ 26
Contract construction	1,713	1,874	— 161	1,623	+ 90
Transportation and public utilities	3,262	3,296	— 34	3,012	+ 250
Trade	6,737	7,499	— 762	6,487	+ 250
Finance, service and miscellaneous	4,181	4,227	— 46	4,063	+ 118
Federal, State and local government	4,330	4,387	— 57	3,887	+ 443

The Department states:

The estimates of "total civil non-agricultural employment," given on the first line of the above table, represent the total number of persons engaged in gainful work in the United States in non-agricultural industries, excluding military and naval personnel, persons employed on WPA, or NYA projects, and enrollees in CCC camps. The series described as "Employees in non-agricultural establishments" excludes also proprietors and firm members, self-employed persons, casual workers and persons in domestic service. The estimates for "Employees in non-agricultural establishments" are shown separately for each of seven major industry groups. Data for the manufacturing and trade groups have been revised to include adjustments to preliminary 1939 Census data.

The figures represent the number of persons working at any time during the week ending nearest the middle of each month. The totals for the United States have been adjusted to conform to the figures shown by the 1930 Census of Occupations for the number of non-agricultural "gainful workers" less the number shown to have been unemployed for one week or more at the time of the Census.

Indexes of employment and pay rolls for all manufacturing industries combined, Class I steam railroads, and for those non-manufacturing industries for which information is available, are shown below for January, 1942, with percentage changes from December, 1941, and January, 1941. The 3-year average 1923-25 is used as a base in computing the indexes for the manufacturing industries and the 5-year average 1935-39 as a base for Class I steam railroads. For the other non-manufacturing industries information for years prior to 1929 is not available from the Bureau's records, and the 12-month average for 1929 is used as a base in computing the index numbers. These indexes are not adjusted for seasonal variation.

The data for manufacturing, mining, building construction, laundries, and dyeing and cleaning cover wage earners only; those for railroads cover all employees while the data for water transportation cover employees on vessels of 1,000 gross tons or over in deep-sea trades only. The data for other industries exclude proprietors and firm members, corporation officers, executives, and others whose work is mainly supervisory.

	Employment			Pay Roll		
	Index	Percentage change from		Index	Percentage change from	
Industry—	*Jan. 1942	Dec. 1941	Jan. 1941	*Jan. 1942	Dec. 1941	Jan. 1941
	(1923-25=100)			(1923-25=100)		
Manufacturing	†132.5	— 1.3	+14.7	173.2	+ 1.8	+43.5
	(1935-39=100)			(1935-39=100)		
‡Class I Steam Railroads	114.5	— 1.3	+14.8	§	§	§
	(1929=100)			(1929=100)		
Trade:						
Wholesale	94.9	— 1.5	+ 4.0	91.9	— .9	+14.2
Food products	§	— 2.5	§	§	— 1.0	§
Groceries & food spec.	§	+ .7	§	§	+ 2.5	§
Dry goods & apparel	§	— 2.6	§	§	— 1.6	§
Mach., equip. & suppl.	§	+ .1	§	§	— .4	§
Farm products	§	— 5.0	§	§	— 2.1	§
Petrol. and petrol. prod. (incl. bulk tank sta.)	§	+ ¶	§	§	+ .2	§
Automotive	§	— 2.1	§	§	— 2.3	§
Retail	**95.7	—15.3	+ 5.7	**95.0	—11.9	+13.5
Food	112.0	— 1.9	+ 8.5	112.6	— 1.3	+16.7
General merchandising	**105.3	—34.8	+12.0	**105.5	—30.2	+22.0
Apparel	86.8	—20.0	+10.6	88.2	—13.8	+18.4
Furniture	74.9	— 8.2	+ .1	72.2	—10.6	+ 9.1
Automotive	76.5	—11.8	—12.4	76.5	—12.2	— 5.4
Lumber & bldg. mater.	76.3	— 4.3	+ 5.0	79.5	— 4.1	+16.1
Public Utilities:						
Tel. & Tel.	**90.3	+ .3	+12.3	**124.1	+ .9	+19.4
Electric light & power	**92.0	— 1.1	+ 1.7	**114.3	— .7	+ 8.8
Street rys. & buses**	**70.5	— .1	+ 3.1	**80.0	+ .3	+13.2
Mining:						
Anthracite	49.4	+ .8	— 1.8	38.9	+ 8.5	+ 1.2
Bituminous—coal	95.3	— .2	+ 5.7	116.7	— 2.7	+33.0
Metalliferous	81.3	+ 1.4	+12.1	94.4	+ .7	+34.1
Quarrying & nonmetallic	46.4	— 8.5	+11.2	47.7	—14.2	+29.3
Crude-petrol. production	61.3	+ .4	+ 1.6	65.2	+ .9	+17.1
Services:						
Hotels (year-round)	94.2	— 1.1	+ 1.4	‡‡91.9	— 1.5	+ 9.3
Laundries	108.6	+ .2	+ 7.1	103.9	+ 1.3	+15.7
Dyeing & cleaning	109.8	— 3.1	+ 8.8	86.7	— 2.1	+18.3
Brokerage	§	¶	— 7.2	§	+ .3	— 1.9
Insurance	§	¶	+ 2.2	§	+ 3.0	+ 7.9
Building Construction	§	—12.0	— 1.7	§	—12.6	+13.9
Water Transportation	74.3	— 4.1	— 3.4	¶¶	+ .1	+19.1

*Preliminary. †Adjusted to preliminary 1939 Census figures. ‡Source: Interstate Commerce Commission. §Not available. ¶Less 1-10 of 1%. **Retail-trade indexes adjusted to 1935 Census, public utility indexes to 1937 Census. ††Covers street railways and trolley and motorbus operations of subsidiary, affiliated and successor companies. ‡‡Cash payments only; value of board, room, and tips cannot be computed. §§Based on estimates prepared by the United States Maritime Commission. ¶¶Pay roll index in 1929 base not available. Includes war bonuses and value of subsistence and lodging.

INDEX NUMBERS OF EMPLOYMENT AND PAY ROLLS OF WAGE EARNERS IN MANUFACTURING INDUSTRIES ADJUSTED TO 1937 CENSUS OF MANUFACTURES, EXCEPT AS INDICATED IN NOTES † AND ‡
(Three-year average 1923-25=100.0)

	Employment			Pay Rolls		
	*Jan. 1942	Dec. 1941	Jan. 1941	*Jan. 1942	Dec. 1941	Jan. 1941
Manufacturing Industries—						
All Industries†	132.5	134.3	115.5	173.2	170.2	120.7
Durable Goods†	143.8	144.3	118.3	203.9	195.9	132.0
Non-durable Goods†	121.7	124.7	112.7	138.7	141.3	108.1
Durable Goods—						
Iron & steel & their products, not including machinery	137.0	138.5	122.3	174.8	175.0	130.8
Blast furnaces, steel works, and rolling mills	148.8	148.6	131.3	185.3	185.0	139.9
Bolts, nuts, washers, & rivets	172.1	169.6	138.9	267.9	259.5	170.5
Cast-iron pipe	97.9	98.1	87.6	120.1	120.2	93.3
Cutlery (not including silver & plated cutlery), & edge tools	133.0	134.1	107.7	164.4	165.2	106.9
Forgings, iron and steel	120.3	117.6	91.4	209.2	196.0	124.4
Hardware	109.8	113.8	112.8	149.9	152.7	130.4
Plumbers' supplies	94.9	97.3	97.7	100.0	109.5	91.8
Stamped & enameled ware	215.4	220.2	190.6	291.6	297.6	214.4
Steam & hot-water heating apparatus & steam fittings	121.7	123.9	102.7	169.9	160.5	105.3
Stoves	91.8	104.3	94.5	93.9	112.3	87.1
Struct. & ornamental metalwork	105.3	105.7	93.5	122.3	120.1	89.4
Tin cans & other tinware	136.8	134.4	101.8	178.5	173.6	114.8
Tools (not incl. edge tools, mach. tools, files & saws)	151.5	149.7	121.1	214.9	210.5	141.1
Wirework	182.3	199.4	205.5	263.0	266.8	237.7
Machinery, not incl. transportation equipment	185.1	183.6	139.7	282.9	271.3	167.5
Agricult'l impl. (incl. tractors)	163.6	167.2	149.6	228.8	219.0	180.9
Cash registers, adding machines, & calculating machines	175.8	176.3	136.1	251.3	239,4	151.6
Elec. mach., apparatus, & suppl.	‡	‡	‡	‡	‡	‡
Engines, turbines, water wheels, & windmills	‡	‡	‡	‡	‡	‡
Fdy. & mach. shop products	152.3	150.4	117.4	211.2	202.8	128.7
Machine tools	‡	‡	‡	‡	‡	‡
Radios & phonographs	210.1	219.1	147.5	274.8	287.9	144.9
Textile machinery & parts	110.0	109.4	89.3	153.3	150.1	97.9
Typewriters & parts	156.4	161.8	130.8	224.2	235.0	141.0
Transportation equipment§	211.8	208.7	152.8	327.8	290.0	176.3
Aircraft	‡	‡	‡	‡	‡	‡
Automobiles	102.9	116.2	128.5	155.8	147.9	147.7
Cars, electric- & steam-railr'd	‡	‡	‡	‡	‡	‡
Locomotives	‡	‡	‡	‡	‡	‡
Shipbuilding	‡	‡	‡	‡	‡	‡
Non-ferrous metals & their prod.	144.3	145.5	131.1	196.5	193.1	146.0
Aluminum manufactures	‡	‡	‡	‡	‡	‡
Brass, bronze, & cop. products	‡	‡	‡	‡	‡	‡
Clocks, watches and time-recording devices	111.9	113.3	106.3	153.8	150.5	115.0
Jewelry	108.0	116.0	96.2	104.3	121.4	81.9
Lighting equipment	110.1	113.9	107.9	120.9	123.1	98.9
Silverware & plated ware	80.0	86.0	74.7	87.4	100.8	70.8
Smelting and refining copper, lead, and zinc	102.0	101.3	97.9	124.2	123.9	101.5
Lumber and allied products	74.3	76.6	71.3	81.1	85.8	68.1
Furniture	102.8	106.8	93.7	111.0	120.9	84.2
Lumber:						
Millwork	71.3	74:4	70.4	66.0	71.8	57.7
Sawmills	63.8	65.3	62.5	66.4	68.0	59.2
Stone, clay, and glass products	95.5	99.7	85.9	100.4	106.8	79.6
Brick, tile, and terra cotta	69.2	74.3	64.8	64.4	72.5	54.6
Cement	77.7	80.7	64.8	85.1	89.0	61.1
Glass	128.9	132.0	114.4	171.2	172.2	131.0
Marble, granite, slate, and other products	39.2	43.7	39.0	28.7	35.0	26.9
Pottery	119.6	122.3	104.7	120.1	130.8	95.5
Non-Durable Goods—						
Textiles and their products	110.7	113.0	106.4	119.1	122.1	95.0
Fabrics	104.7	106.2	99.7	121.3	123.6	93.1
Carpets and rugs	81.3	89.8	82.1	80.8	95.2	74.7
Cotton goods	112.4	111.9	100.7	141.7	139.8	96.9
Cotton small wares	103.9	108.5	91.6	124.3	129.2	92.7
Dyeing & finishing textiles	133.7	134.8	134.9	141.0	141.1	120.2
Hats, fur-felt	72.9	75.6	83.0	80.5	82.4	81.7
Hosiery	127.5	135.0	142.9	152.6	163.5	148.6
Knitted outerwear	75.0	77.4	66.2	73.0	73.6	56.0
Knitted underwear	85.6	85.6	76.9	99.1	98.1	74.3
Knit cloth	144.0	145.6	139.7	143.3	144.4	125.0
Silk and rayon goods	60.2	61.0	65.0	61.8	62.2	52.6
Woolen and worsted goods	108.2	110.7	99.9	127.1	133.8	93.6
Wearing apparel	119.4	123.2	116.7	107.4	111.7	93.1
Clothing, Men's	117.5	120.7	109.2	107.3	111.5	87.2
Clothing, Women's	155.7	162.7	161.5	127.5	133.3	119.5
Corsets & allied garments	109.6	113.4	112.0	139.0	138.4	115.8
Men's furnishings	106.9	119.9	107.5	117.9	132,9	103.2
Millinery	69.3	60.1	74.9	49.9	39.6	55.2
Shirts and collars	130.8	135.1	118.8	140.4	153.3	104.3
Leather and its manufactures	99.1	99.2	93.4	107.7	106.7	83.3
Boots and shoes	95.6	95.2	91.4	101.4	99.5	80.1
Leather	96.4	98.2	85.8	119.7	121.8	86.7
Food and kindred products	135.1	140.7	121.4	154.2	157.1	120.2
Baking	148.6	151.5	140.5	156.4	157.5	134.5
Beverages	283.4	289.4	256.1	346.0	358.6	289.0
Butter	100.3	101.4	91.6	95.6	95.6	80.1
Canning and preserving	110.9	123.2	90.8	121.9	129.4	79.2
Confectionery	92.2	105.6	86.9	106.4	123.3	86.9
Flour	79.3	78.9	76.9	80.3	89.3	72.2
Ice Cream	69.9	71.0	67.7	64.5	67.1	58.8
Slaughtering & meat packing	143.5	137.7	116.3	183.2	168.5	119.7
Sugar, beet	67.6	228.0	103.4	70.5	254.8	96.3
Sugar refining, cane	92.2	98.6	87.6	89.6	98.2	70.3
Tobacco manufactures	62.2	67.4	60.8	71.1	76.7	59.3
Chewing & smok. tob. & snuff	55.5	56.5	67.7	73.0	74.1	66.5
Cigars and cigarettes	63.0	68.7	61.1	70.7	76.9	58.3
Paper and printing	124.4	128.3	116.6	136.2	144.1	115.4
Boxes, paper	136.8	144.7	118.4	178.5	192.6	131.8
Paper and pulp	129.5	129.1	115.7	172.3	169.9	127.5
Printing and publishing:						
Book and job	106.9	110.0	103.6	104.4	109.7	94.7
Newspapers and periodicals	115.6	122.3	115.2	112.8	128.5	108.1
Chemical, petroleum and coal products	148.9	148.6	126.3	203.3	200.9	142.1
Petroleum refining	129.2	129,3	119,1	171,6	173,9	132.2
Other than petroleum refining	153.7	153.2	128.1	213.0	209.2	145.2
Chemicals	186.6	185.9	152.0	280.0	271.6	188.2
Cottons'd—oil, cake, & meal	102.4	116.7	114.3	106.0	125.5	111.0
Druggists' preparations	150.7	149.2	116.1	182.7	184.0	130.9
Explosives	‡	‡	‡	‡	‡	‡
Fertilizers	120.0	105.8	103.8	118.3	106.2	85.5
Paints and varnishes	140.7	142.2	126.3	172.8	176.0	137.4
Rayon & allied products	314.5	321.1	313.5	392.0	391.2	335.9
Soap	90.8	92.3	85.9	132.9	133.5	107.7
Rubber products	100.6	110.8	98.8	134.9	138.0	111.6
Rubber boots and shoes	74.0	80.8	68.0	96.6	109.3	79.2
Rubber tires & inner tubes	76.4	85.4	77.9	114.6	109.5	97.9
Rubber goods, other	175.0	190.3	168.9	219.4	238.9	173.5

*December, 1941, indexes preliminary; subject to revision. †Adjusted to preliminary 1939 census figures. ‡Included in total and group indexes, but not available for publication separately. §Indexes not comparable to indexes appearing in press releases dated earlier than Nov., 1940. Revised figures available in mimeographer form.

1940 Income Tax Returns

Secretary of the Treasury Morgenthau made public on March 2 preliminary statistics of individual income and defense tax returns and taxable fiduciary income and defense tax returns for 1940 filed in the period January through June, 1941, prepared under the direction of Commissioner of Internal Revenue Guy T. Helvering. The preliminary report, Statistics of Income for 1940, Part 1, will be published at a later date.

The following data is contained in the announcement:

The total number of returns is 14,475,740, of which 7,389,317 are taxable returns with a total tax liability of $1,494,138,904, and 7,086,423 are non-taxable returns. Of the 7,389,317 taxable returns, 7,325,782 are individual returns with net income, 63,489 are fiduciary returns with net income, and 46 are individual returns with no net income. For the 7,363,715 returns with normal tax and surtax liabilities, the normal tax is $403,433,975, the surtax is $425,011,869, and the defense tax is $81,401,469. For the 25,602 returns with alternative tax liability, the alternative tax is $537,274,655 and the defense tax is $47,016,936. Of the 7,086,423 non-taxable individual returns, 7,020,355 show net income and 66,068 show no net income.

There are 14,409,626 individual and taxable fiduciary returns showing a net income of $36,231,054,014 and 66,114 individual returns showing a deficit of $244,555,382. For all returns with net income, the average total tax is $104 and the effective tax rate is 4.1%. For taxable returns with net income, the average total tax is $202 and the effective tax rate is 6.4%.

Webb Heads Institute

Edward J. Webb, of Kansas City, Mo., was elected national President of the American Savings and Loan Institute, at the 19th annual midwinter conference of the Institute held in St. Paul, Minn., on Feb. 14. He succeeds L. H. Allen, Houston, Tex., as head of the educational organization of the nation's $6,000,000,000 savings and loan business. Mr. Webb, who is President of the Metropolitan Savings & Loan Association, Kansas City, will be the fourth Institute President to have the added responsibility of conducting the Graduate School of Savings and Loan, a project which the Institute began in the summer of 1939. The new First Vice-President is Charles L. Plumb, New York City, and the man started in line as Second Vice-President is Jack E. Barry, of Oklahoma City, who has served for several years as his district's member of the Institute's board of trustees. New District governors who sit on the board of trustees were chosen in seven of the 12 districts this year. They are:

Christian W. Staugaard, Rutherford, N. J., for District 2, including New York and New Jersey.

John Allen, Philadelphia, for District 3, comprising Pennsylvania, Delaware and West Virginia.

N. W. Mitchell, Winston-Salem, N. C., for District 5, comprising all of the Southeastern States.

Governor Wilson R. Paxton, Detroit, for District 6, comprising Indiana and Michigan.

Hubert James, Des Moines, re-elected for District 8, comprising Iowa, Missouri, Minnesota, North Dakota and South Dakota.

Henry A. Bubb, Topeka, Kan., for the 10th district, comprising Kansas, Nebraska, Colorado and Oklahoma.

E. O. Morgan, Los Angeles, Calif., for the 12th district, comprising California, Arizona and Nevada.

Market Value Of Stocks On New York Stock Exchange Lower On Feb. 28

The New York Stock Exchange announced on March 5 that as of the close of business Feb. 28, 1942, there were 1,234 stock issues aggregating 1,467,001,959 shares listed on the New York Stock Exchange with a total market value of $35,234,173,432. This compares with 1,237 stock issues, aggregating 1,466,994,284 shares listed on the Exchange on Jan. 31, 1942, with a total market value of $36,228,397,999, and with 1,228 stock issues, aggregating 1,454,709,059 shares on Feb. 28, 1941, with a total market value of $39,398,228,749.

In making public the figures for Feb. 28, the Stock Exchange said:

As of the close of business Feb. 28, 1942, New York Stock Exchange member total net borrowings amounted to $339,752,458. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.96%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group—	Feb. 28, 1942 Market Value $	Feb. 28, 1942 Average Price $	Jan. 31, 1942 Market Value $	Jan. 31, 1942 Average Price $
Amusement	263,994,526	12.52	266,590,352	12.60
Automobile	2,650,392,186	22.18	2,559,122,040	21.42
Aviation	544,992,052	16.63	548,835,197	16.75
Building	396,928,477	18.22	400,180,415	18.37
Business and office equipment	244,213,260	20.79	249,451,552	21.24
Chemical	4,806,216,219	50.45	5,043,609,496	52.94
Electrical equipment	1,163,626,559	29.06	1,198,424,467	29.93
Farm machinery	553,519,974	42.24	570,720,024	43.55
Financial	664,400,010	12.99	669,609,557	13.09
Food	2,215,979,568	23.79	2,338,094,636	25.10
Garment	37,749,275	22.54	39,072,889	23.33
Land and realty	15,293,450	3.14	15,212,179	3.12
Leather	190,658,622	22.72	196,440,271	23.41
Machinery and metals	1,209,298,472	17.77	1,232,776,189	12.12
Mining (excluding iron)	1,394,521,200	23.59	1,430,120,290	24.19
Paper and publishing	349,201,098	15.76	354,890,271	16.02
Petroleum	3,589,542,965	18.68	3,827,396,430	19.92
Railroad	2,888,345,592	25.61	2,926,952,786	25.95
Retail merchandising	1,772,912,772	24.17	1,821,113,642	24.83
Rubber	272,572,437	25.74	270,691,033	25.56
Ship building and operating	89,840,541	20.96	93,597,506	21.84
Shipping Services	9,183,544	5.00	9,475,632	5.16
Steel, iron and coke	2,066,273,693	40.65	2,097,073,010	41.26
Textiles	329,283,638	23.47	331,484,246	23.63
Tobacco	1,070,616,824	40.04	1,126,370,263	42.13
Utilities:				
Gas and electric (operating)	1,564,236,660	16.93	1,615,323,725	17.48
Gas and electric (holding)	715,756,492	7.47	751,008,801	7.84
Communications	2,846,347,898	68.07	2,862,254,492	68.62
Miscellaneous	71,901,504	9.81	71,600,855	9.76
U. S. companies operating abroad	450,039,803	13.67	501,730,204	15.24
Foreign companies	694,850,198	17.17	699,835,389	17.29
Miscellaneous businesses	101,483,923	17.29	109,340,160	18.63
All listed stocks	35,234,173,432	24.02	35,228,397,999	24.70

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Jan. 31	45,636,655,548	31.68	Feb. 28	39,398,228,749	27.08
Feb. 29	46,058,132,499	31.96	Mar. 31	39,696,269,155	27.24
Mar. 30	46,694,763,118	32.34	Apr. 30	37,710,958,708	25.78
Apr. 30	46,769,244,271	32.35	May 31	37,815,306,034	25.84
May 31	36,546,583,208	25.26	June 30	39,607,836,569	27.07
June 29	38,775,241,138	26.74	July 31	41,654,256,215	28.46
July 31	39,991,865,997	27.51	Aug. 30	41,472,032,904	28.32
Aug. 31	40,706,241,811	28.00	Sept. 30	40.984,419,434	28.02
Sept. 30	41,491,698,705	28.56	Oct. 31	39,057,023,174	26.66
Oct. 31	42,673,890,518	29.38	Nov. 29	37,882,316,239	25.87
Nov. 30	41,848,246,961	28.72	Dec. 31	35,785,946,533	24.46
Dec. 31	41,890,646,959	28.80	1942—		
1941—			Jan. 31	36,228,397,999	24.70
Jan. 31	40,279,504,457	27.68	Feb. 28	35,234,173,432	24.02

Engineering Construction Down 45% In Week

Engineering construction volume for the week totals $145,401,000, an increase of 40% over the corresponding week last year, but 45% below the 1942 high of a week ago, according to "Engineering News-Record" March 5. This is the seventh successive week in which the volume topped the $100,000,000-mark. Private construction is 1½% above the week last year, and 67% higher than last week. Public volume tops a year ago by 50%, but is 51% lower than last week.

The current week's total brings 1942 construction to $1,409,004,000, an increase of 27% over the volume for the opening ten-week period last year. Private work, $142,171,000 for the period, is 57% below a year ago, but public construction, $1,266,833,000, is 63% higher as a result of the 115% gain in Federal work.

Construction totals for the 1941 week, last week, and the current week are:

	Mar 6, 1941	Feb. 26, 1942	Mar. 5, 1942
Total Construction	$103,962,000	$266,622,000	$145,401,000
Private Construction	21,423,000	13,004,000	21,766,000
Public Construction	82,539,000	253,618,000	123,635,000
State and Municipal	22,545,000	5,475,000	10,766,000
Federal	59,994,000	248,143,000	112,869,000

In the classified construction groups, gains over last week are in sewerage, industrial and commercial buildings, and streets and roads. Increases over the 1941-week totals are in waterworks, sewerage, and commercial and public buildings. Sub-totals for the week in each class of construction are: waterworks, $2,626,000; sewerage, $2,058,000; bridges, $406,000; industrial buildings, $4,645,000; commercial building and large-scale private housing, $14,366,000; public buildings, $102,563,000; earthwork and drainage, $327,000; streets and roads, $6,737,000; and unclassified construction, $11,673,000.

New capital for construction purposes for the week totals $3,677,000, a decrease of 59% from the volume reported for the week last year. All of the week's financing is in state and municipal bond sales.

New construction financing for the year to date, $1,376,140,000, is just double the volume reported for the corresponding ten-week period last year.

SEC 1941 Registrations Highest Since 1937

The Securities and Exchange Commission announced on Feb. 26 that the volume of registrations under the Securities Act of 1933 increased in 1941 to $2,787,153,000 from $2,124,429,000 in 1940 and $1,815,046,000 in 1939, according to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. The volume for 1941 was the highest of any calendar year since 1937, the SEC pointed out. The Commission states that after excluding those securities which were not intended for sale and those which were registered for the account of others than the issuers, there remained $1,976,754,000 registered by issuers for sale, as compared with $1,686,985,000 for 1940 and $1,499,951,000 for 1939. The number of issues declined to 363 from 470 in 1940 and 482 in 1939.

A summary as issued by the SEC of the main results of the Commission's analysis follows:

1. Of the estimated net proceeds of $1,931,521,000 from sale of securities registered in 1941 for the account of issuers, $501,460,000, or 26%, was to be applied to new money uses. This was the highest aggregate amount for new money purposes in the last four years. About two-thirds of the new money was for purchases of plant and equipment and about one-third for expansion of working capital.

2. Repayment of indebtedness and retirement of preferred stock was expected to absorb $1,117,418,000, or 58% of the net proceeds, as compared with 79% in the preceding year. Bonds and notes were to be retired with $1,006,849,000, other debt with $62,172,000 and preferred stock with $48,397,000.

3. The application of net proceeds to different purposes varied with the type of security. The proportion of net proceeds applied to new money purposes was much greater for stocks than for bonds. Slightly over 40%, or $184,541,000, of the net proceeds from the sale of preferred and common stocks were expected to be applied to new money purposes. The amount from the sale of bonds to be similarly applied, $316,918,000, was a greater aggregate than that from stocks, but constituted a smaller proportion, 21%, of the net proceeds.

4. The most substantial contributions to new money purposes were by manufacturing companies and by transportation and communication (mainly telephone) companies, with $170,781,000 and $169,795,000, respectively, which amounted to 35% and 33%, respectively, of their total net proceeds. Electric, gas and water utilities, although first in volume of gross proceeds, were third in size of aggregate funds applied to new money purposes, with $122,725,000, which was 20% of their net proceeds.

5. Of the various types of securities registered by issuers for sale in 1941, credit obligations—bonds and face amount certificates—were about three times the volume of equity securities. Preferred stocks accounted for about a third of the volume of all securities of the equity type. This order of types by volume—bonds, common stock, preferred stock—followed the pattern common to the preceding years.

6. A gross classification of types of securities and size of issue showed a tendency for large issues to be of the credit obligation type and the smaller issues to be of the equity type. To illustrate, the majority of the issues of bonds were over $5,000,000 in size, while the majority of issues of preferred and common stocks, and certificates of participation were under that amount. A similar tendency was evident with respect to size of issuer. The majority by number, if not by dollar amount, of issues of bonds were sold by companies which had assets totaling more than $10,000,000, but the majority of the number of issues of securities of the equity type were sold by companies of less than that size as measured by total assets.

7. Types of securities varied also by industry. Electric, gas and water companies, which were first in volume of securities registered for sale with $637,525,000, had over three-fourths of their registration in secured bonds. Transportation and communication companies with $517,912,000, and manufacturing companies with $502,090,000, depended heavily on unsecured bonds and a substantial proportion of common stock. Financial and investment companies, registering $233,833,000 for sale, depended primarily on face amount of certificates, with certificates of participation in second place.

8. Over 53% of the $1,050,160,000 of securities registered by all groups were underwritten at an average compensation of 2.0%. Agents were to handle $267,498,000, or 14%, at an average rate of compensation of 5.0%, while $659,096,000, or 33% of the total, were to be sold directly by the issuers at an average compensation of 0.1%. The predominance of underwritings was typical of the preceding years, but the year 1941 showed a substantial increase in the proportion of those sold directly by issuers. Likewise, while 1941 was similar to the preceding years in the substantial excess of the amount offered to the public over the amount offered to securities holders and others, the ratio of the latter two to the first was higher than in any of the preceding six years.

Securities effectively registered in the month of December, 1941, says the Commission, totaled $121,862,000, compared with $193,416,000 in the preceding month and with $322,618,000 in December, 1940. The amount registered for sale for the accounts of issuers was $61,246,000. The following table is supplied by the Commission:

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
By Types of Securities—January-December, 1941

Type of Security	Total Securities Effectively Registered: No. of Issues	Total Securities Effectively Registered: Amount	Total, Less Securities Reserved for Conversion or Substitution: Amount	Percent Jan.-Dec. 1941	Percent Jan.-Dec. 1940	Securities Proposed for Sale by Issuers: Amount	Percent Jan.-Dec. 1941	Percent Jan.-Dec. 1940
Secured bonds	47	$835,648,973	$835,648,973	33.4	45.3	$730,430,152	36.9	53.0
Unsecured bonds	30	620,767,795	620,767,795	24.8	22.0	620,767,795	31.4	25.2
Face amt. ctfs.	5	159,729,496	159,729,496	6.4	---	159,729,496	8.1	---
Preferred stock	73	278,161,953	277,811,953	11.1	15.2	163,546,607	8.3	8.7
Common stock	142	795,723,038	514,725,565	20.6	12.9	238,383,543	12.1	9.2
Ctfs. of partic., benef. int., etc.	33	64,230,256	64,230,256	2.6	4.5	63,894,551	3.2	3.9
Warants or rgts.	15	27,685,250	27,685,250	1.1	0.1	2,000	0.0	---
Substitute secur. (v.t. ctfs. & ctfs. of deposit)	18	5,206,433	------	---	---	------	---	---
Grand Total	363	2,787,153,194	2,500,599,278	100.0	100.0	1,976,754,144	100.0	100.0

Farm Commodity Buying Over $89,000,000 In Jan.

Purchases of farm products amounting to over $89,000,000 were made by the Surplus Marketing Administration during January under the general buying program for Lend-Lease and other needs, the Department of Agriculture said on Feb. 23. According to the Department this was about the same as the total purchases during December. Cumulative f.o.b. value of all farm products bought for Lend-Lease shipment and other distribution needs approximates $694,000,000 for the period March 15 through Jan. 31.

The Department's announcement added:

As in previous months, dairy, poultry and meat products made up the largest groups of commodities bought both in volume and dollar value. January buying pushed the total of all meat products purchased to almost a billion pounds, at a cost of over $205,000,000. Dried, frozen, and shell egg purchases converted into shell egg equivalent showed that some 308,000,000 dozen eggs were bought at a cost of more than $92,000,000. Cheese exceeded 200,000,000 pounds at a cost of about $46,000,000, while over 956,000,000 pounds of evaporated milk and 24,000,000 pounds of dried milk accounted for an additional $80,000,000.

Heavy purchases during January included granulated cane sugar, edible linseed oil and wheat, vitally needed by countries in the United Nations. Additional quantities of livestock feed, grass and clover seeds, and dehydrated vegetables were bought during the month. Large amounts of naval stores such as pine oil, pine tar, rosin and tarene were included in the list.

Rayon Yarn Shipments Up

Shipments of rayon yarn to domestic mills thus far in the new year are running ahead of the corresponding period of last year, states the current issue of the "Rayon Organon", published on March 6 by the Textile Economics Bureau, Inc., New York. The Bureau states that cumulative shipments for January and February aggregated 77,100,000 pounds as compared with 66,600,000 pounds in the corresponding period of 1941, an increase of 16%. For February alone, however, shipments totaled 35,900,000 pounds, a decrease of 13% as compared with 41,200,000 pounds shipped in January and 31,600,000 pounds in February, 1941. It is also pointed out:

The decline in February shipments of rayon yarn from the high January level may be attributed in part to the fewer number of working days as compared with January, and in part to a curtailment in yarn output, particularly acetate yarn. The reason for the decline in acetate yarn production is raw material shortages. For some time now the tightness in the supply of acetate rayon yarn raw materials has been well known. These shortages are now showing up for the first time in terms of reduced acetate rayon output."

"Organon" likewise reports:

Stocks of rayon yarn in the hands of producers registered a further decline during February, amounting to 4,400,000 pounds at the close of the month, as compared with 4,800,000 pounds at the end of January.

The inventory of rayon filament yarn held by broad weavers at the end of February totaled 22,700,000 pounds as compared with 23,000,000 pounds at the end of January and 28,000,000 pounds at the end of February, 1941.

Stocks Of Coal In Consumers' Hands On Feb. 1

The Bituminous Coal Division, United States Department of the Interior, in a report released on March 7 reported that stocks of bituminous coal held by industrial consumers and retail dealers declined 7.5% during January, 1942 and on Feb. 1 stood at 58,015,000 net tons. Each class of consumer shared in the decline.

Industrial consumption increased 3.4% during the same period and retail dealer deliveries showed a gain of 31.0%. At the daily rate of consumption and retail dealer deliveries prevailing in January, there was enough bituminous coal on hand Feb. 1, to last 34 days.

STOCKS AND CONSUMPTION OF BITUMINOUS COAL IN THE UNITED STATES, INCLUDING RETAIL YARDS

(Determined jointly by W. H. Young, Research Section, Bituminous Coal Division, and Thomas W. Harris, Jr., Chairman, Coal Committee, National Association of Purchasing Agents)

	Jan., 1942 (preliminary)	Dec., 1941 (revised)	% of Change
	—Net Tons—		
Stocks, End of Month, at—			
Electric power utilities*	12,660,000	12,821,000	— 1.3
Byproduct coke ovens†	7,824,000	8,901,000	—12.1
Steel and rolling mills‡	959,000	968,000	— 0.9
Coal-gas retorts‡	337,000	367,000	— 8.2
Cement mills†	653,000	705,000	— 7.4
Other industrials§	18,370,000	19,400,000	— 5.3
Railroads (Class I)¶	9,482,000	10,235,000	— 7.4
Total industrial stocks	50,285,000	53,397,000	— 5.8
Retail dealer stocks	7,730,000	9,340,000	—17.2
Grand total	58,015,000	62,737,000	— 7.5
Consumption by—			
Electric power utilities*	5,918,000	5,892,000	+ 0.4
Byproduct coke ovens†	7,412,000	7,352,000	+ 0.8
Beehive coke ovens†	1,016,000	1,021,000	— 0.5
Steel and rolling mills‡	1,019,000	984,000	+ 3.6
Coal-gas retorts‡	172,000	149,000	+15.4
Cement mills†	548,000	588,000	— 6.8
Other industrials§	12,700,000	11,980,000	+ 6.0
Railroads (Class I)¶	9,689,000	9,226,000	+ 5.0
Total industrial	38,474,000	37,192,000	+ 3.4
Retail dealer deliveries	13,940,000	10,640,000	+31.0
Grand total	52,414,000	47,832,000	+ 9.6
Additional Known Consumption—			
Coal mine fuel	347,000	334,000	+ 3.9
Bunker fuel, foreign trade	††	††	
Days Supply, End of Month, at—	—Days Supply—		
Electric power utilities	66 days	67 days	— 1.5
Byproduct coke ovens	33 days	38 days	—13.2
Steel and rolling mills	29 days	30 days	— 3.3
Coal-gas retorts	61 days	76 days	—19.7
Cement mills	37 days	37 days	———
Other industrials	45 days	50 days	—10.0
Railroads (Class I)	30 days	34 days	—11.8
Total industrials	41 days	45 days	— 8.9
Retail dealer	17 days	27 days	—37.0
Grand total	34 days	40 days	—15.0

*Collected by the Federal Power Commission. †Collected by the U. S. Bureau of Mines. ‡Collected by the Bituminous Coal Division. §Estimates based on reports collected jointly by the National Association of Purchasing Agents and the Bituminous Coal Division from a selected list of 2,000 representative manufacturing plants. The concerns reporting are chiefly large consumers and afford a satisfactory basis for estimate. ¶Collected by the Association of American Railroads. Includes powerhouse, shop and station fuel. ††Not available.

Unbilled Loads and Stocks on the Lake Docks

Stocks of bituminous coal in unbilled loads advanced 0.3% from Jan. 1 to Feb. 1, 1942, while unbilled loads of anthracite decreased 23.4%. Stocks of both anthracite and bituminous coal on the upper lake docks showed substantial seasonal reductions.

UNBILLED LOADS AND STOCKS ON THE LAKE DOCKS (NET TONS)

	Feb. 1, ‡1942	Jan. 1, 1942	Nov. 1, 1941	Feb. 1, 1941	% of Change From previous month	From year ago
*Unbilled loads—						
Bituminous coal	922,000	919,700	748,100	1,217,400	+ 0.3	—24.3
Anthracite	343,500	448,150	339,750	317,750	—23.4	+ 8.1
†Stocks on Lake Docks—						
Bituminous coal:						
Lake Superior	4,224,950	5,109,125	5,066,990	3,667,712	—17.3	+15.2
Lake Michigan	2,125,481	2,668,321	2,731,170	2,048,343	—20.3	+ 3.8
Total	6,350,431	7,777,446	7,798,160	5,716,055	—18.3	+11.1
Anthracite:						
Lake Superior	105,947	124,603	132,273	59,331	—15.0	+78.6
Lake Michigan	126,288	149,124	101,829	118,668	—15.3	+ 6.4
Total	232,235	273,727	234,102	177,999	—15.2	+30.5

*Coal in cars unbilled at the mines or in classification yards as reported to the Association of American Railroads. †Covers all commercial American docks on Lake Superior and on the west bank of Lake Michigan as far south as Racine and Kenosha, Wisconsin but not including Chicago and Waukegan, Illinois. Based on figures courteously supplied by the Maher Coal Bureau for Duluth-Superior and Ashland-Washburn docks and on direct reports from all other commercial operators not reporting to that Bureau. ‡Subject to revision.

Industrial Anthracite

Stocks of industrial anthracite at electric power utilities, Class I railroads, and other industrial consumers, decreased during January. Electric utilities showed a decrease of 4.8% in consumption and at the same time Class I railroads and other industrial consumers showed increases of 14.3 and 10.8%, respectively.

ANTHRACITE AT ELECTRIC POWER UTILITIES, RAILROADS, AND OTHER INDUSTRIAL PLANTS (NET TONS)*

	¶January, 1942	December, 1941	October, 1941	January, 1941	% of change from previous month	year ago
†Electric power utilities:						
Stocks, end of month	1,202,096	1,257,478	1,371,655	1,252,751	— 4.4	— 4.0
Consumed during month	228,833	240,416	273,145	210,131	— 4.8	+ 8.9
Days supply end of mo.	163 days	162 days	156 days	185 days	+ 0.6	—11.9
‡Railroads (Class I):						
Stocks, end of month	180.690	238,871	216,977	132,493	—24.4	+36.4
Consumed during month	117,242	102,610	96,875	121,582	+14.3	— 3.6
Days supply end of mo.	48 days	72 days	69 days	34 days	—33.3	+41.2
Other industrial consumers:						
§(Selected representative plants)						
Stocks, end of month	177.669	288,586	230,578	167,411	—38.4	+ 6.1
Consumed during month	134,026	120.935	89,141	106,788	+10.8	+25.5
Days supply end of mo.	41 days	68 days	80 days	49 days	—39.7	—16.3

*Stocks of domestic anthracite held by 139 selected dealers amounted to 398,124 tons on Feb. 1, 1942, which was an average of 42 days supply and 445,689 tons on Jan. 1, 1942 or 58 days supply. Stocks of domestic coke held by 149 selected dealers amounted to 49.007 tons on Feb. 1, 1942, which was an average of 26 days supply and 58.977 tons on Jan. 1, 1942, or 48 days supply. Anthracite in producers' storage yards reported by Anthracite Committee, Commonwealth of Pennsylvania, Department of Commerce, amounted to 915,295 tons on Feb. 1, 1942, and 1,237,297 tons on Jan. 1, 1942.

†Collected by the Federal Power Commission.

‡Collected by the Association of American Railroads.

§70 firms reported for January, 1942, and December, 1941; 69 firms for October, 1941, and 75 firms for January, 1941.

¶Subject to revision.

February Steel Output Close To Record High

Output of steel during February was at the second highest rate on record, according to a report released March 10, by the American Iron and Steel Institute.

The report showed that an average of 1,631,278 net tons of ingots and castings was produced per week during Febuary, considerably higher than the average output of 1,609,334 tons per week in January and substantially at the October, 1941, peak of 1,634,917 tons per week. In February a year ago, steel output averaged 1,559,475 tons per week.

Because of the short month, the total tonnage of steel produced in February—6,525,111 tons—was below the January total of 7,129,351 tons, but was nearly 5% above the February, 1941, total of 6,237,900 tons.

During February, the steel industry operated at an average of 96.0% of capacity, as against 94.7% in January. In February of last year, when total steelmaking capacity was substantially less than at present, the steel industry operated at an average of 96.6% of capacity.

PRODUCTION OF OPEN HEARTH, BESSEMER AND ELECTRIC STEEL INGOTS AND STEEL FOR CASTINGS

Period	Estimated Production —All Companies— Total Net tons	Percent of capacity	Calculated weekly production, all companies (net tons)	Number of weeks in month
1942 †				
January	7,129.351	94.7	1,609,334	4.43
February	6,525,111	96.0	1,631,278	4.00
1941 †				
January	6,928,085	96.9	1,563,902	4.43
February	6,237,900	96.6	1,559,475	4.00
March	7,131,641	99.7	1,609,851	4.43
1st Quarter	20,297,626	97.8	1,578,353	12.86
April	6,756,949	97.6	1,575,046	4.29
May	7,063,238	98.7	1,592,153	4.43
June	6,800,730	98.2	1,585,252	4.29
2nd Quarter	20,610,917	98.2	1,584,237	13.01
1st 6 months	40 908,543	98.0	1,581,312	25.87
July	6,821,682	93.4	1,543,367	4.42
August	7,000,957	95.7	1,580,351	4.43
September	6,819,706	96.4	1,593,389	4.28
3rd Quarter	20,642,345	95.2	1,572,151	13.13
9 months	61,550,888	97.0	1,578,228	39.00
October	7,242,683	99.0	1,634,917	4.43
November	6,969,987	98.3	1,624,706	4.29
December	7,163,999	98.1	1,620,814	4.42
4th quarter	21,376,669	98.5	1,626,839	13.14
Total	82,927,557	97.4	1,590,479	52.14

†Based on Reports by Companies which in 1940 made 98.43% of the Open Hearth, 100% of the Bessemer and 85.82% of the Electric Ingot and Steel for Castings Production.

Note—The percentages of capacity operated are calculated on weekly capacities of 1,498,029 net tons open hearth, 128,911 net tons Bessemer and 71,682 net tons electric ingots and steel for castings, total 1,698,622 net tons; based on annual capacities as of Jan. 1, 1942 as follows: Open hearth 78,107,260 net tons, Bessemer 6,721,400 net tons, electric 3,737,510 net tons.

The percentages of capacity operated in the first 6 months are calculated on weekly capacities of 1,430,102 net tons open hearth, 134,187 net tons Bessemer and 49.603 net tons electric ingots and steel for castings, total 1,613,892 net tons; based on annual capacities as of Jan. 1, 1941, as follows: Open hearth 74,565,510 net tons, Bessemer 6,996,520 net tons, electric 2,586,320 net tons. Beginning July 1, 1941, the percentages of capacity operated are calculated on weekly capacities of 1,459,132 net tons open hearth, 130,292 net tons Bessemer and 62,761 net tons electric ingots and steel for castings, total 1,652,185 net tons; based on annual capacities as follows: Open hearth, 76,079,130 net tons, Bessemer 6,793,400 net tons, Electric 3,272,370 net tons.

February Output And Shipments Of Slab Zinc

The American Zinc Institute on March 6 released the following tabulation of slab zinc statistics:

TOTAL SLAB ZINC SMELTER OUTPUT (ALL GRADES) 1929-1941
(Tons of 2000 lb.)

	Stock at Beginning	Production	Shipments Domestic	Shipments Exports & Drawback	Stock End of Period	Unfilled Orders End of Period	Daily Avge. Prod.
1929	46,430	631,601	596,249	6,352	75,430	18,585	1,730
1930	75,430	504,463	436,079	196	143,618	26,651	1,355
1931	143,618	300,738	314,473	41	129,842	18,273	822
1932	129,842	213,531	218,347	170	124,856	8,478	583
1933	124,856	324,705	343,762	239	105,560	15,978	890
1934	105,560	366,933	352,515	148	119,830	30,786	1,004
1935	118,005	431,499	465,687	59	83,758	51,186	1,182
1936	83,758	523,166	561,969	0	44,955	78,626	1,429
1937	44,955	589,619	569,241	0	65,333	48,339	1,615
1938	65,333	456,990	395,534	20	126,769	40,829	1,252
1939	126.769	538.198	598.972	0	65.995	53.751	1.475
1940	74,262	706,100	674,615	88,165	17,582	125,132	1,929
1941—							
Jan.	17,582	66,121	63,930	4,914	14,859	121,026	2,133
Feb.	14,859	61,603	57,663	8,155	10,644	108,151	2,200
Mar.	10,644	70,341	65,011	2,629	13,345	97,638	2,269
Apr.	13,345	68,543	65,035	5.379	11,474	95,256	2,285
May	11,474	73,449	61,696	11,394	11,833	98,435	2,369
June	11,833	70,837	61,546	10,023	11,101	92,583	2,361
July	11,101	74,641	62,714	9,180	13,848	81,456	2,408
Aug.	13,848	75,524	61,061	10,342	17,969	68,604	2,436
Sept.	17,969	73,225	64,673	7,094	19.427	67.079	2.441
Oct.	19,427	76,156	61,770	12,219	21,594	62,559	2,457
Nov.	21,594	74,861	61,064	12,209	23,182	84,101	2,495
Dec.	23,182	78,643	65,698	12,065	24,062	87,666	2,537
		863,944	751,861	105,603			
Monthly Average		71,995	62,655	8,800	Daily Average		2,367
1942—							
Jan.	24,062	79,276	67.248	12.165	23.925	110.553	2 557
Feb.	23,925	73,476	59,957	14,818	22,626	109,260	2,624

Note—November and December, 1941, and January, 1942, figures have been revised.

PRODUCTION BY GRADES

Month	Spec. H.G.	High Grade	Intermediate	Brass Spcl.	Select	Prime Western	Total
1941—							
*Dec.	18,540	17,266	5,692	4,719	1,495	30,931	78,643
1942—							
*Jan.	16,523	19,934	5,694	5,262	1,467	30,396	79,276
Feb.	14,705	19,427	4,447	5,721	2,560	26,616	73,476

*Revised figures.

Note—Commencing with January 1940, production from foreign ores is included in the monthly figures which reflect the total output at smelters of Slab Zinc of all grades, as reported by all producers represented in the membership of the Institute. The unchanged totals for previous years do not include production from foreign ores, which was not a vital factor in those years: this explains the discrepancy between stock shown at end of 1939 and at the beginning of 1940.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

CHARTER ISSUED

	Amount of Com. Stock
Feb. 28, 1942—Haddonfield National Bank, Haddonfield, N. J.	$192,089

President, Lewis E. Gruff; Cashier, R. E. Townsend.

To succeed: The Haddonfield National Bank, Haddonfield, N. J.

COMMON CAPITAL STOCK REDUCED

	Amount of Reduction
Feb. 28, 1942—The First National Bank of Montgomery, Montgomery, Pa. From $100,000 to $50,000	$50,000

COMMON CAPITAL STOCK INCREASED

	Amount of Increase
Mar. 3, 1942—Community National Bank of Pontiac, Pontiac, Mich. From $500,000 to $625,000	$125,000

CHANGE OF TITLE

Feb. 28, 1942—The Merchants & Planters National Bank of Sylacauga, Sylacauga, Ala.

To: "The First National Bank in Sylacauga," effective Mar. 1, 1942.

1941 Farm Income Is At Highest Since 1920

Farmers' cash income from marketings, from commodities placed under loan, and from Government payments in 1941 amounted to $11,771,000,000, the highest total for any year since 1920, it is estimated by the Bureau of Agricultural Economics, U. S. Department of Agriculture. This total, the Bureau explains, is 29% higher than the income received from the same sources in 1940 and is 9% above the average income from farm marketings for the years 1924-28. Continuing, the Bureau under date of Feb. 26 reported:

Cash income from farm marketings and from commodities placed under loan in 1941 amounted to $11,185,000,000, or 34% more than the $8,331,000,000 received in 1940. The 37% increase in income from crops resulted to a small extent from increases in the quantities of products sold but was very largely due to the marked advance in farm prices. Returns from current sales were much larger than in 1940 and, in addition, farmers were able to redeem and sell at prices somewhat above the cost of redemption large quantities of cotton, wheat, and corn which had formerly been placed under loan.

Income from livestock and livestock products totaled $6,391,000,000, 33% more than in 1940. Marketings of nearly all types of livestock and livestock products were at record levels in 1941 and were accompanied by substantially higher prices for most products. Government payments on the Agricultural Conservation Program, Sugar Act payments, and price parity payments in 1941 totaled $586,000,000, only 77% as large as the $766,000,000 paid to farmers in 1940.

Chicago Home Bank Loans

The Federal Home Loan Bank of Chicago advanced more money to its member savings, building and loan associations in Illinois and Wisconsin in the first month of this year than in any January since 1937, it was reported on March 3. The total advanced was $985,202, which is an increase of 4.4% over the same month of 1941, and is more than three times the amount advanced in January of 1938, 1939 or 1940, A. R. Gardner, President of the Bank, said. It is added that a seasonal drop from the December loan volume was experienced, however, and the January advances were less than in any month since March, 1941, a result anticipated from observation of the first quarter in previous years as the time of least active demand.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that production of soft coal in the week ended Feb. 28 is estimated at 11,180,000 net tons. Compared with the preceding week, this shows a slight increase—180,000 tons, or 1.6%. Production in the corresponding week of 1941 amounted to 10,860,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Feb. 28, was estimated at 1,295,000 tons, an increase of 136,000 tons (about 12%) over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 18.8%.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN NET TONS

	Week Ended			Jan. 1 to date		
*Bituminous coal—	Feb. 28, 1942	Feb. 21, 1942	Mar. 1, 1941	Feb. 28, †1942	Mar. 1, 1941	Feb. 27, 1937
Total, including mine fuel	11,180,000	11,000,000	10,860,000	92,714,000	83,665,000	84,099,000
Daily average	1,862,000	1,833,000	1,810,000	1,854,000	1,699,000	1,720,000

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar year to date		
Penn. anthracite—	Feb. 28, 1942	Feb. 21, 1942	Mar. 1, 1941	Feb. 28, 1942	Mar. 1, 1941	Mar. 2, 1929
*Total, including colliery fuel	1,295,000	1,159,000	1,090,000	9,304,000	9,447,000	13,866,000
†Comm'l production	1,230,000	1,101,000	1,036,000	8,839,000	8,975,000	12,868,000
Beehive coke—						
United States total	156,600	140,900	120,800	1,256,500	1,030,500	1,032,700
§Byproduct Coke—						
United States total	1,168,000	1,174,600	‡	9,926,400	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Not available. §This is the beginning of a series to include the weekly production of byproduct coke as reported by the operators.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Feb.
State—	Feb. 21, 1942	Feb. 14, 1942	Feb. 22, 1941	Feb. 24, 1940	Feb. 20, 1937	average ¶1923
Alaska	2	2	4	3	2	**
Alabama	370	382	338	294	300	409
Arkansas and Oklahoma	70	63	72	68	58	87
Colorado	172	160	163	154	182	231
Georgia & North Carolina	1	1	1	1	1	**
Illinois	1,444	1,350	1,267	1,092	1,466	1,993
Indiana	515	544	511	406	502	613
Iowa	82	84	61	63	136	136
Kansas and Missouri	180	190	176	161	201	174
Kentucky—Eastern	766	750	848	805	722	556
Kentucky—Western	285	285	245	219	224	226
Maryland	39	40	37	38	40	51
Michigan	7	7	10	15	18	26
Montana	86	75	69	56	79	80
New Mexico	25	30	25	23	44	58
North & South Dakota	63	50	67	49	84	**37
Ohio	675	644	572	475	624	694
Pennsylvania bituminous	2,638	2,700	2,508	2,218	2,811	3,087
Tennessee	142	145	141	126	118	127
Texas	10	10	7	18	16	23
Utah	86	80	98	57	119	96
Virginia	382	380	339	301	284	212
Washington	49	34	34	30	61	77
*West Virginia—Southern	1,940	1,913	1,984	1,728	2,038	1,127
†West Virginia—Northern	827	835	716	591	700	673
Wyoming	144	146	120	114	160	156
‡Other Western States	††	††	1	††	††	**7
Total bituminous coal	11,000	10,900	10,414	9,105	10,990	10,956
§Pennsylvania anthracite	1,159	1,168	948	967	832	1,902
Total, all coal	12,159	12,068	11,362	10,072	11,822	12,858

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

February Steel Shipments Above A Year Ago

Shipments of finished steel products by subsidiary companies of the United States Steel Corp. for the month of February, 1942 totaled 1,616,587 net tons.

The February shipments compare with 1,738,893 net tons in the preceding month (January) a decrease of 122,306 net tons, and with 1,548,451 net tons in the corresponding month in 1941 (February) an increase of 68,136 net tons.

For the year 1942 to date, shipments were 3,355,480 net tons compared with 3,230,905 net tons in the comparable period of 1941 an increase of 124,575 net tons.

Shipments in February, 1942 were the highest for that month in the history of the United States Steel Corporation. The decrease in the total shipments in February as compared with January was due to the shorter month.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,80[illegible]
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	------	1,720,366	931,905	845,108	627,047	1,605,51[illegible]
April	------	1,687,674	907,904	771,752	550,551	1,617,30[illegible]
May	------	1,745,295	1,084,057	795,689	509,811	1,701,87[illegible]
June	------	1,668,637	1,209,684	607,562	524,994	1,529,24[illegible]
July	------	1,666,667	1,296,887	745,364	484,611	1,480,00[illegible]
August	------	1,753,665	1,455,604	885,636	615,521	1,500,28[illegible]
September	------	1,664,227	1,392,838	1,086,683	635,645	1,262,87[illegible]
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,38[illegible]
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,05[illegible]
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	------	37,639	*44,865	29,159	*12,827
Total	------	------	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1941, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Fertilizer Ass'n Price Index Gains

The weekly wholesale commodity price index compiled by The National Fertilizer Association which was made public March 9, continued to move to higher levels in the week ended March 7, 1942, rising to 124.1 from 123.8 in the preceding week. A month ago the index stood at 121.8 and a year ago it was 100.4, based on the 1935-1939 average as 100.

The increase in the all-commodity index, which advanced for the fifth consecutive week, continued to reflect rising prices for farm products and foods. The index of industrial commodities remained unchanged from the previous week. In the food group, advancing prices for 8 items more than offset decreases in 4 causing another rise in the food price index; this index is now 32.5% higher than in the corresponding week of 1941. A small decline in grains was more than counterbalanced by increases in cotton and livestock, resulting in a further upturn in the index of farm product prices. Advancing quotations for raw cotton and wool were responsible for a slight rise in the textile average. A fractional upturn in the building material index was brought about by an advance in the price of linseed oil. The rise in the fertilizer material index reflected an increase in phosphate rock prices effective March 1. The only other group indexes to change during the week were the metal and miscellaneous commodity price averages which moved to slightly lower levels.

During the week 26 price series included in the index advanced and 10 declined; in the preceding week there were 17 advances and 15 declines; in the second preceding week there were 29 advances and 14 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association

[1935-1939 = 100*]

% Each Group Bears to the Total Index	Group	Latest Week Mar. 7, 1942	Preceding Week Feb. 28, 1942	Month Ago Jan. 31, 1942	Year Ago Mar. 8, 1941
25.3	Foods	122.3	121.9	117.0	92.3
	Fats and Oils	136.0	135.8	132.7	76.6
	Cottonseed Oil	159.0	159.0	158.7	76.0
23.0	Farm Products	133.4	132.7	131.5	92.5
	Cotton	183.6	182.9	186.8	97.8
	Grains	119.2	119.4	121.1	83.3
	Livestock	126.8	125.7	112.8	92.4
17.3	Fuels	113.3	113.3	113.3	102.1
10.8	Miscellaneous commodities	127.1	127.3	127.8	111.3
8.2	Textiles	150.6	150.4	150.8	115.0
7.1	Metals	104.0	104.4	104.0	103.4
6.1	Building materials	135.0	134.8	131.9	116.4
1.3	Chemicals and drugs	120.3	120.3	120.1	104.0
.3	Fertilizer materials	118.9	118.3	117.6	105.8
.3	Fertilizers	115.3	115.3	114.0	102.1
.3	Farm machinery	103.8	103.8	103.5	99.8
100.0	All groups combined	124.1	123.8	121.8	100.4

*Indexes on 1926-1928 base were: Mar. 7, 1942, 96.7; Feb. 28, 1942, 96.4; Mar. 8 1941, 78.2.

Bank Debits Up 14% From Last Year

Bank debits as reported by banks in leading centers for the week ended March 4 aggregated $11,757,000,000. Total debits during the 13 weeks ended March 4 amounted to $146,385,000,000, or 17% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 9% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 22%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

	Week Ended		13 Weeks Ended	
Federal Reserve District—	Mar. 4, 1942	Mar. 5, 1941	Mar. 4, 1942	Mar. 5, 1941
Boston	689	551	8,547	7,275
New York	4,417	4,272	57,067	52,133
Philadelphia	650	571	8,052	6,704
Cleveland	874	723	10,841	9,033
Richmond	487	405	5,919	4,859
Atlanta	392	339	5,071	4,063
Chicago	1,817	1,528	22,133	18,368
St. Louis	374	312	4,812	3,818
Minneapolis	215	188	2,721	2,098
Kansas City	377	295	4,705	3,720
Dallas	295	237	4,062	3,167
San Francisco	1,168	908	12,457	10,152
Total, 274 reporting centers	11,757	10,329	146,385	125,389
New York City*	3,989	3,866	51,889	47,746
140 other centers*	6,732	5,620	81,520	67,253
133 other reporting centers	1,036	843	12,976	10,391

*Included in the national series covering 141 centers, available beginning with 1919.

Preliminary Estimates Of February Coal Output

According to preliminary estimates made by the Bureau of Mines and the Bituminous Coal Division of the United States Department of the Interior, bituminous coal production during the month of February, 1942, amounted to 43,840,000 net tons, compared with an estimated 48,540,000 net tons in the preceding month and 41,695,000 net tons in the corresponding month in 1941. Pennsylvania anthracite output during February, 1942, totaled 4,739,000 net tons, as against 4,432,000 net tons in the same month last year and 4,532,000 net tons in January, 1942. The consolidated statement of the two aforementioned organizations follows:

	Total for Month (Net Tons)	No. of Work. Days	Average per Work Day (Net Tons)
February, 1942 (preliminary)—			
*Bituminous coal	‡43,840,000	24	1,827,000
†Anthracite	§4,739,000	--	------
Beehive coke	600,000	--	------
January, 1942—			
*Bituminous coal	‡48,540,000	26	1,867,000
†Anthracite	§4,532,000	--	------
Beehive coke	§647,100	--	------
February, 1941—			
*Bituminous coal	‡41,695,000	24	1,737,000
†Anthracite	§4,432,000	--	------
Beehive coke	§496,400	--	------

*Includes for purposes of historical comparison and statistical convenience, the production of lignite. †Total production, including colliery fuel, washery and dredge coal, and coal shipped by truck from authorized operations. ‡Preliminary figure. §Revised figure.

Note—All current estimates will later be adjusted to agree with the results of the complete canvas of production made at the end of the calendar year.

Lumber Movement—Week Ended Feb. 28, 1942

Lumber production during the week ended Feb. 28, 1942, was 0.2% less than the previous week, shipments were 3% greater, new business 0.5% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 18% above production; new orders 13% above production. Compared with the corresponding week of 1941, production was 3% less, shipments, 1% greater, and new business slightly greater. The industry stood at 146% of the average of production in the corresponding week of 1935-39 and 142% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 8 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 2% above the shipments, and new orders 9% above the orders of the 1941 period. For the 8 weeks of 1942, new business was 27% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 47% on Feb. 28, 1942, compared with 34% a year ago. Unfilled orders were 26% greater than a year ago; gross stocks were 8% less.

Softwoods and Hardwoods

Record for the current week ended Feb. 28, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (Rev.)
Mills	449	449	469
Production	226,806	233,330	227,195
Shipments	263,196	260,543	254,507
Orders	255,746	255,631	256,921

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	372		90	
Production	216,253—100%		10,553—100%	
Shipments	250,823	116	12,373	117
Orders	245,750	114	9,996	95

Participations Declined In 1941 Issues Says SEC

The Securities and Exchange Commission announces that underwriting participations in security issues registered for sale under the Securities Act of 1933 during the year 1941 aggregated $1,285,325,000 for 167 issues, according to statistical data prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. Comparable figures for 1940 were 179 issues totaling $1,620,317,000. The number of firms participating in the underwriting were 386 in 1941, compared with 377 in 1940.

The Commission's announcement presents the following details:

The five firms having the largest amount of underwriting participations during 1941 were as follows: Blyth & Co., Inc., $67,447,200; The First Boston Corp., $64,479,740; Mellon Securities Corp. $54,130,856; Harriman Ripley & Co., Inc., $53,965,418, and Smith, Barney & Co., $52,696,119. The combined participations of these five leading firms accounted for 23% of total underwritings. New York City firms, ninety-five in number, accounted for 63% of the underwriting participations.

Of the 386 firms which had participations in registered issues in 1941, only 77 acted in the capacity of managers. The 20% of the underwriters who acted as managers had 70% of the total participations. In the preceding year, 25% of the firms acted as managers and had 75% of total participations.

The five leading firms from the standpoint of the dollar

amount of issues managed in 1941 were: Dillon, Read & Co., $235,185,017; Kuhn, Loeb & Co., $123,409,820; Blyth & Co., Inc., $107,411,125; Morgan Stanley & Co., Incorporated, $105,034,719, and Mellon Securities Corp., $95,614,919. The participations of these five firms amounted to 52% of the total, about the same proportion as the five firms managing the highest amounts in 1940.

New York City underwriting firms predominated in the management of underwritten issues during 1941, with 32 firms managing 75% of all issues underwritten, whereas 45 underwriting firms outside of New York City managed 25% of the total. In 1940, New York City firms managed 84% of the underwritings.

Total participations in the fourth quarter amounted to $271,183,000 covering 41 issues. Included were 16 bond issues aggregating $173,227,000, 15 common stock issues aggregating $68,727,000 and 10 preferred stock issues aggregating $29,229,000. New York City firms participated in 65% of the total and managed 69% of the total.

Plan For "Staggering" Work Hours Proposed

A questionnaire to determine the attitude of business and industrial houses to a suggested plan for "staggering" working hours in New York City, as a means of relieving the load on transportation facilities and rush-hour congestion, was sent on Feb. 25 by the Commerce and Industry Association of New York to its members. A survey is being made as a result of a request for information on the subject from George A. Sloan, Chairman of the Mayor's Business Advisory Committee. During the last war, an attempt was made to put a similar plan into effect with, however, only limited support from businessmen.

In issuing the questionnaire, Thomas Jefferson Miley, the association's Secretary, emphasized that the association had taken no stand on the subject but was seeking to ascertain whether such a plan would be practical. Staggering working hours, Mr. Miley said, would mean shifts in time of arrival and departure for groups of employees or for the entire personnel of a firm. Among questions asked in the questionnaire are whether working schedules could be rearranged to conform with a suggested new "staggered" schedule which would shift time of arrival and departure at place of business for certain groups either a quarter or a half hour away from their present schedule, according to the following table:

Present Working Houre—8 to 5; 8 to 5:30; 8:30 to 5; 8:30 to 5:30; 9 to 5; 9 to 5:30.

Proposed Working Hours—7:30 to 4:30—7:45 to 4:45—8 to 5; 7:45 to 5:15—8:00 to 5:30; 8:15 to 4:45—8:30 to 5:00; 8:15 to 5:15—8:30 to 5:30; 8:45 to 4:45—9 to 5 9:15 to 5:15— 9:30 to 5:30—9:45 to 5:45; 8:45 to 5:15—9 to 5:30—9:15 to 5:45; 9:30 to 6.

Other questions the association asked its members were:

Are there practical difficulties in the way of such rearrangements of time and arrival and departure? Can you arrange schedules so that the latest arrival and departure of times may be assigned to those eployees living farthest from your place of business? If your business operates on two or three shifts is it possible to time the arrival of the day shift earlier than 8 a.m.?

In a question addressed to retail and chain stores (other than neighborhood stores) the association asked if it is practical to adopt a 10 a.m. opening. Inquiry is also being made among theatres as to whether week-day matinee performances could be advanced to 2 p.m.

Steel Control Closer – Competition For Machine Tools – Scrap Shortage Retards Steel Output

Obstacles to the speeding of America's arms program are unlikely, in the face of a general demand for production on a war-winning scale, to last very long, reports "The Iron Age" in its issue today (March 12), further going on to say:

This week two obstacles to the tremendous output of war implements needed this year seemed in need of a flattening-out, or a brushing off: First. competition among the War Department, the Navy Department and the War Production Board for machine tools apparently has now reached a stage where each of these Government agencies considers it a moral victory to outsmart the others in obtaining machines for specific plants.

Such misdirected enterprise by Government agencies or, for that matter, by private industries competing with each other over some gravely needed product or piece of equipment, seems out of harmony with the country's needs for weapons.

The multiple pressure applied to machine tool producers by the War and Navy Departments, "The Iron Age" is told, sometimes results in two war plants receiving part of their tool requirements and then being unable to operate for a time because they lacked the remainder. Despite pressure for certain types of machine tools, many tools remain idle in plants still unable to obtain Government orders. While the scramble for machine tools continues, there are specific instances where planers, milling machines, drill presses and boring mills continue idle, particularly in the Midwest.

Different from Government agency competition for machine tools, but similar in its effect in slowing the war program is one phase of the steel priority system. Control over steel production by the War Production Board (except for plates) is hampered by the fact that some Army and Navy officials (however well meaning) who are not familiar with the over all steel picture still have the authority to issue steel ratings. Some of these ratings have been in the upper priority brackets of A-1-a to A-1-j. The tonnage of such items not under the specific control of the War Production Board is by no means small.

As the war program progresses, however, the rough corners of the steel priorities and allocation system are gradually being rounded off and, in general, WPB action to eliminate constantly developing problems is swifter. One example has been the request by the WPB that steel companies and engineering concerns working on plans for blast furnace construction limit plate requirements to sizes not exceeding 72 in. This will require redrawing of plans for the furnaces, but reduces the strain upon the wider plate mills.

One of the most difficult jobs faced by the WPB in March is the proper distribution of April plate production so that it will go where most needed for the war effort. Forms reaching steel mills from plate consumers indicate a demand of at least 50% more than estimated April production.

Steel plant operations this week declined a point to 95½%, partly as a result of a shutdown of a Southern plant for repairs and equipment installation. Scrap shortages are increasingly sharp in other areas. Ingot production was up a point to 98% at Pittsburgh and 2½ points higher to 94½ at Cleveland. Losses of 2½ points to 90% were reported at Buffalo, 9 points to 83% at Wheeling, and 9½ points to 80½ in the Southern Ohio River area. Chicago is unchanged at 103½, and Youngstown is holding at 99. Other districts were unchanged.

Coke pig iron production in February totaled 4,458,273 net tons compared with 4,970,531 tons in January. Output on a daily basis last month according to "The Iron Age," decreased slightly to 159,188 tons from 160,340 tons in January, while the February operating rate was 96.4% off slightly from the 97.7 rate in the preceding month. There were 220 furnaces in blast on March 1 against 217 on Feb. 1.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

March 10, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.		2.30467c.	
1940	2.30467c.	Jan. 2	2.24107c.	Apr. 16
1939	2.35367c.	Jan. 3	2.26689c.	May 16
1938	2.58414c.	Jan. 4	2.27207c.	Oct. 18
1937	2.58414c.	Mar. 9	2.32263c.	Jan. 4
1936	2.32263c.	Dec. 28	2.05200c.	Mar. 10
1935	2.07642c.	Oct. 1	2.06492c.	Jan. 8
1934	2.15367c.	Apr. 24	1.95757c.	Jan. 2
1933	1.95578c.	Oct. 3	1.75836c.	May 2
1932	1.89196c.	Jul. 5	1.83901c.	Mar. 1
1931	1.99629c.	Jan. 13	1.86586c.	Dec. 29
1930	2.25488c.	Jan. 7	1.97319c.	Dec. 9
1929	2.31773c.	May 28	2.26498c.	Oct. 29

Pig Iron

March 10, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar. 20	$23.45	Jan. 2
1940	$23.45	Dec. 23	$22.61	Jan. 2
1939	22.61	Sep. 19	20.61	Sep. 12
1938	23.25	Jun. 21	19.61	Jul. 6
1937	23.25	Mar. 9	20.25	Feb. 16
1936	19.74	Nov. 24	18.73	Aug. 11
1935	18.84	Nov. 5	17.83	May 14
1934	17.90	May 1	16.90	Jan. 27
1933	16.90	Dec. 5	13.56	Jan. 3
1932	14.81	Jan. 5	13.56	Dec. 6
1931	15.90	Jan. 6	14.79	Dec. 15
1930	18.21	Jan. 7	15.90	Dec. 16
1929	18.71	May 14	18.21	Dec. 17

Steel Scrap

March 10, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.33

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan. 7	$19.17	Apr. 10
1940	21.83	Dec. 30	16.04	Apr. 9
1939	22.50	Oct. 3	14.08	May 16
1938	15.00	Nov. 22	11.00	Jun. 7
1937	21.92	Mar. 30	12.92	Nov. 10
1936	17.75	Dec. 21	12.67	Jun. 9
1935	13.42	Dec. 10	10.33	Apr. 29
1934	13.00	Mar. 13	9.50	Sep. 25
1933	12.25	Aug. 8	6.75	Jan. 3
1932	8.50	Jan. 12	6.43	Jul. 5
1931	11.33	Jan. 6	8.50	Dec. 29
1930	15.00	Feb. 18	[illegible]	Dec. 9
1929	17.58	Jan. 29	14.08	Dec. 3

The American Iron and Steel Institute on March 9 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.4% of capacity for the week beginning March 9, compared with 97.2% one week ago, 95.5% one month ago and 98.8% one year ago. This represents an increase of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning March 9 is equivalent to 1,654,500 tons of steel ingots and castings, compared to 1,651,100 tons one week ago, 1,622,400 tons one month ago, and 1,594,500 tons one year ago. Weekly indicated rates of steel operations since March 3, 1941, follow:

1941—		Jun 2	99.2%	Sep 8	96.9%	Dec 15	97.9%
Mar 3	97.5%	Jun 9	98.6%	Sep 15	96.1%	Dec 22	93.4%
Mar 10	98.8%	Jun 16	99.0%	Sep 22	96.8%	Dec 29	96.1%
Mar 17	99.4%	Jun 23	99.9%	Sep 29	96.9%	1942—	
Mar 24	99.8%	Jun 30	91.8%	Oct 6	98.1%	Jan 5	93.8%
Mar 31	99.2%	Jly 7	94.9%	Oct 13	98.4%	Jan 12	95.1%
Apr 7	99.3%	Jly 14	95.2%	Oct 20	97.8%	Jan 19	95.0%
Apr 14	98.3%	Jly 21	96.0%	Oct 27	99.9%	Jan 26	94.6%
Apr 21	96.0%	Jly 28	97.6%	Nov 3	98.2%	Feb 2	95.0%
Apr 28	94.3%	Aug 4	96.3%	Nov 10	96.6%	Feb 9	95.5%
May 5	96.8%	Aug 11	95.6%	Nov 17	97.0%	Feb 16	96.2%
May 12	99.2%	Aug 18	96.2%	Nov 24	95.9%	Feb 23	96.3%
May 19	99.9%	Aug 25	96.5%	Dec 1	97.6%	Mar 2	97.2%
May 26	98.6%	Sep 2	96.3%	Dec 8	97.5%	Mar 9	97.4%

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 9 stated:

Closer control of steel production and consumption is being imposed by Washington as war production is intensified. Warehouses are not allowed to accept supplies from any source in excess of their quota, pig iron users are warned not to take shipment of more than they can consume in any month and tighter lines are being drawn on use of tin plate.

Shipment of steel for civilian use has practically disappeared and fabricators whose normal lines of productive have been suspended are canceling contracts with mills. At the same time they are being allocated tonnage for use in their converted production for war purposes, in some instances larger supply than they had used for their regular lines.

Trend of orders to the higher priority range continues and mill shipments are more closely confined to top ratings in practically all products. In most cases shipment under B ratings is practically stopped. The latter applies to pig iron as well.

Tin plate production is at about 92% of capacity but curtailment is imminent under new regulations. A number of details remain to be ironed out in this product. Completion of electrolytic tinning lines by several steelmakers is relied on to take up the slack caused by discontinuance of production by regular tin mills.

Demand for structural shapes is increasing, for war needs. This includes expansion of shipbuilding facilities and a number of additional explosive manufacturing plants in various parts of the country.

Plate consumption is at a record rate. Some ship delay has been caused by slow plate shipments to manufacturers of propulsion equipment and other fittings. This condition is being corrected by allocations. Emphasis is being placed on plate production by strip mills and plans are under way to increase capacity, looking to an addition of 100,000 tons annually to the 400,000 tons now in operation. WPB has worked out a plan for production of 80 to 90% of steel plates for cargo vessels from this source, relieving universal and sheared plate mills for production of heavier gages.

Little change is noted in the scrap situation and some steelmaking equipment remains idle. Tonnage from automobile wrecking yards has begun to move but the total is disappointing compared with expectations. Search for scrap by various public agencies has been intensified and is producing results. Organized collection of farm scrap is broadening. Since automobile production has been stopped a large source of scrap has disappeared and products now being made by automotive manufacturers do not yield sufficient to make up the loss.

Sheet deliveries are confined almost entirely to top priorities and most March schedules allow for deliveries only at A-1-j or higher, considerably more restricted than in February. Conversion in strip mills to plate production has cut sheet output sharply. Galvanized sheets are scarce.

In practically all products mill schedules are continually upset by specific allocations for special purposes, necessitating rearrangement and causing delay for other consumers. Most producers carried over unfilled allocated tonnage from February.

Coke pig iron production in February attained the second highest daily average rate on record, 160,856 net tons, compared with the highest rate, 161,774 tons in December, 1941, and was 6.81% greater than in January. Total February output was 4,503,962 net tons, 454,823 tons less than the January total, because of the shorter month. This was 6.58% above the total production in February, 1941, and 36.30% above February, 1940.

Steel ingot production last week rose ½-point to 96½%. Chicago advanced 1½ points to 103½%, Cincinnati 7½ points to 94½ and Cleveland 2½ points to 91½. St. Louis receded 10½ points to 78% and Wheeling 1 point to 85½. Unchanged rates were as follows: Pittsburgh 95½, Youngstown, 91, eastern Pennsylvania 90, New England 95, Buffalo, 79½, Birmingham 95 and Detroit 84.

Preparations are being made for an early start in movement of Lake Superior iron ore and the aim is to bring down at least 5,000,000 tons more than was delivered in 1941. War Production Board has asked for 85,000,000 to 90,000,000 tons and weather conditions indicate a large early-season tonnage may make this possible.

Composite prices remain at the level of several months, OPA ceilings making no change. Finished steel composite is $56.73, semi-finished steel $36.00, steelmaking pig iron $23.05 and steelmaking scrap $19.17.

C. J. Babcock Dies

Charles J. Babcock, well known advertising man and Vice-President of Batten, Barton, Durstine & Osborn, Inc., died of a heart attack at his home in Port Washington, Long Island, on March 6. He was 60 years old. Mr. Babcock was one of the pioneers in the development of advertising in this country. Among the many accounts whose advertising he had directed for his firm were the Armstrong Cork Co., E. I. duPont de Nemours & Co., Inc. and the Hammermill Paper Co. Born in Rensselaer, Ind., Mr. Babcock enlisted as a young man for the Spanish-American War, and served in Cuba. Later he was associated with such well known merchants as Marshall Field & Co., the Florsheim Shoe Co., Carson, Pirie, Scott Co., Mandel Brothers and the May Co. He joined the George Batten Co. in 1911, which company later was re-incorporated as Batten, Barton, Durstine & Osborn, Inc., and was an active member of that firm until his death.

Moody's Daily Commodity Index

Tuesday, March 3	228.9
Wednesday, March 4	229.0
Thursday, March 5	228.9
Friday, March 6	229.1
Saturday, March 7	229.2
Monday, March 9	229.5
Tuesday, March 10	229.5
Two weeks ago, Feb. 24	228.1
Month ago, Feb. 10	226.5
Year ago, March 10	178.4
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—March 9	229.5
Low—Jan. 2	220.0

Electric Output For Week Ended March 7, 1942, Shows 12.9% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended March 7, 1942, was 3,392,121,000 kwh., which compares with 3,004,639,000 kwh. in the corresponding period in 1941, a gain of 12.9%. The output for the week ended Feb. 28, 1942, was estimated to be 3,409,907,000 kwh., an increase of 13.9% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Mar. 7, '42	Feb. 28, '42	Feb. 21, '42	Feb. 14, '42
New England	13.5	13.1	16.7	15.3
Middle Atlantic	8.9	9.5	12.1	12.7
Central Industrial	11.0	12.9	13.1	13.9
West Central	12.1	13.1	13.8	14.7
Southern States	12.8	14.5	14.4	15.3
Rocky Mountain	15.2	17.3	13.5	16.7
Pacific Coast	25.2	23.4	23.9	20.6
Total United States	12.9	13.9	14.7	15.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1941	1940	% Change 1941 over 1940	1939	1938	1937
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Jan. 3	3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967	1,717,315
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853	1,728,203
Feb. 7	3,474,638	2,989,392	+16.2	2,616,111	1,578,817	1,726,161
Feb. 14	3,421,639	2,976,478	+15.0	2,564,670	1,545,459	1,718,304
Feb. 21	3,423,589	2,985,585	+14.7	2,546,816	1,512,158	1,699,250
Feb. 28	3,409,907	2,993,253	+13.9	2,568,328	1,519,679	1,706,719
Mar. 7	3,392,121	3,004,639	+12.9	2,553,109	1,538,452	1,702,570
Mar. 14	------	2,983,591	----	2,550,000	1,537,747	1,687,229

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	14,756,951	12,474,727	+18.3	11,289,617	9,844,519	10,065,805
November	13,974,232	12,213,543	+14.4	11,087,866	9,893,195	9,506,495
December	------	12,842,218	----	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

February Flour Production Down

Flour production, according to reports received by "The Northwestern Miller" from plants representing 65% of the total national output, decreased during February 616,753 barrels from the previous month, but was 205,401 barrels more than during the same month of 1941.

Total production during February was compiled at 5,557,076 barrels compared with 6,173,829 barrels for the month previous and 5,351,675 barrels for the same month a year ago. All the major producing sections registered increases over their February, 1941, figures.

Northwestern production decreased 148,981 barrels from the month previous, but the 1,340,186-barrel February total represented a 178,446-barrel increase over the 1941 total for the same month.

Southwestern production, totaling 2,078,688 barrels in February, was 290,628 barrels lower than the January output but 88,730 barrels more than the production during February, 1941.

Buffalo mills reported 847,392 barrels produced during February, 101,300 barrels less than the month previous but 377,767 barrels more than the output for the same month a year previous.

Below is a detailed table with comparable figures:

TOTAL MONTHLY FLOUR PRODUCTION

(Reported by mills producing 65% of the flour manufactured in the U. S.)

	February 1942	Previous month	February 1941	February 1940	February 1939
Northwest	1,340,186	1,489,167	1,161,740	1,160,450	1,097,911
Southwest	2,078,688	2,369,316	1,989,958	1,876,286	1,780,067
Buffalo	847,392	948,692	809,625	720,765	786,794
Central West—Eastern Division*	472,410	527,765	468,629	524,564	451,429
Western Division	251,905	283,091	248,583	246,328	266,047
Southeast	†55,695	40,669	126,182	116,098	152,481
North Pacific Coast	510,800	515,129	546,958	615,786	643,389
Totals	5,557,076	6,173,829	5,351,675	5,260,277	5,178,098

*Estimated. †Partly estimated.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Mar. 10	117.46	106.21	115.43	112.93	107.27	91.48	96.85	109.79	112.93
9	117.45	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.12
7	117.38	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.31
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
5	117.17	106.39	115.82	113.12	107.44	91.62	96.85	109.97	113.31
4	117.07	106.39	115.63	113.12	107.62	91.62	97.00	109.97	113.31
3	116.77	106.39	115.63	113.31	107.44	91.62	97.00	109.97	113.31
2	116.78	106.56	115.82	113.31	107.62	91.62	96.85	110.15	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.89
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.79	112.93
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Mar. 10, 1941	117.32	106.04	117.20	113.12	106.56	90.34	96.38	109.97	112.93
2 Years ago Mar. 9, 1940	116.03	102.63	116.02	112.19	101.47	84.68	90.63	107.62	111.25

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Mar. 10	3.38	2.88	3.01	3.32	4.31	3.95	3.18	3.01
9	3.37	2.87	3.00	3.31	4.31	3.95	3.18	3.00
7	3.37	2.87	3.00	3.31	4.31	3.95	3.18	2.99
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
5	3.37	2.86	3.00	3.31	4.30	3.95	3.17	2.99
4	3.37	2.87	3.00	3.30	4.30	3.94	3.17	2.99
3	3.37	2.87	2.99	3.31	4.30	3.94	3.17	2.99
2	3.36	2.86	2.99	3.30	4.30	3.95	3.16	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.18	3.01
Low 1942	3.34	2.82	2.95	3.28	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Mar. 10, 1941	3.39	2.79	3.00	3.36	4.39	3.98	3.17	3.01
2 Years ago Mar. 9, 1940	3.59	2.85	3.05	3.66	4.81	4.37	3.30	3.10

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Petroleum And Its Products

In answer to the submarine threat to coastwise shipping which has already resulted in the sinking of many American and United Nations tankers, the American petroleum industry this week developed a new plan of allocation of available tanker space for movement of oil to the East Coast, approved by Petroleum Coordinator Harold L. Ickes. Under the program, participants would be assured space in proportion to their use of tankers from July 1, 1939, to June 30, 1940.

The plan, which goes into effect in the immediate future, was developed by the industry transportation committee for the Eastern district. Besides sharing tanker space, each participant would share a proportionate part of the excess cost of transporting oil to the East Coast by alternative transportation, such as rail, pipe lines, barge and tank trucks. No participant, it is further provided, may withdraw prior to the termination of the program, or prior to the end of the first 15 months of operation. Carrier participation is optional and limited to owners and operators of tankers in excess of 3,000 registered gross tons.

A tanker managing subcommittee, with headquarters at Rockefeller Center in New York City, and headed by C. H. Kunze, of the Socony Vacuum Oil Co., will administer the program. This group is now developing procedure to be followed. The function of the committee will be to allocate the carrying capacity of tank ships among shipper participants on a certified percentage basis, and of directing the movement of vessels. Shipper participants will be entitled, however, to retain allocation, control and direction over the movements of any vessels owned or operated by them within the limits of their allotted tonnage.

Shortly after announcing approval of the tanker allocation plan, Coordinator Ickes created a new division of petroleum supply in the Office of Petroleum Coordination, with Robert Lee Minckler, of Glendale, California, the director. Mr. Ickes said that the division would coordinate action "on the many complicated and overlapping petroleum supply problems in a manner that will assure the availability of the required kinds of products at the right time and the right place, in quantities which, so far as possible, will meet demands."

"This division," Mr. Ickes added, "will be fully informed as to the military and civilian requirements for petroleum products and the sources and availability of supplies. The division will be responsible for the determination of the character and extent of changes in production, transportation, refining and marketing activities which affect quantity, character and location of supplies.

The gasoline situation in the East was described on March 10 by Coordinator Ickes as "very acute" as he indicated that measures might be taken immediately to curtail consumption in this major consuming area. It was said in informed Washington circles that the Coordinator of Petroleum might institute a program of limited supplies for service stations and night closing of the stations, the method utilized last summer and fall to curtail consumption in the East when the tanker shortage created by lease-lend of American tankers to Great Britain created an "artificial" transportation bottleneck in the Gulf-East Coast shipping movements.

Coordinator Ickes is expected to announce his decision on the Eastern gasoline situation shortly, following a complete study of the report from the industry's special committee on supplies which was laid before him on March 10. Mr. Ickes previously had stated that if the industry suggests rationing such action "very likely" would be taken, and on a nation-wide basis. The industry report, sent to Washington from New York this week, discusses all phases of the East Coast supply problem, officials said, refusing to reveal any details.

Reports gaining wide circulation, both in the Nation's Capital and in leading newspapers throughout the country, indicated that rationing of motor fuel to Eastern consumers through curtailed service station deliveries will be the first step taken by the Federal Government to alleviate the supply situation. Following this will come formal rationing of gasoline with the Office of Price Administration reported favoring ration books for motorists similar to those planned for sugar rationing. While no decision on the quantity to be allocated to each motorist has been made, it is reported that OPA officials are studying the Canadian rationing program. Under that plan, motor cars are divided into three categories, depending upon horsepower, and basic gasoline quotas are allotted accordingly. Consumers who need more than the standard ration may apply to the local rationing board for special consideration in Canada, and the same plan is likely here.

The Economics Committee of the Petroleum Industry War Council this week went on record that "some more definite and positive relaxation of the anti-trust laws" appear necessary to facilitate coordination of the industry to meet war needs. "The present practice of obtaining clearing letters from the Attorney-General," the committee said at its Washington meeting, "appears both cumbersome and inadequate to facilitate what needs to be done to meet the emergency conditions arising out of the war." In commenting upon petroleum prices, the committee said, "the economic necessity for emergency price regulation by the Government in order to avoid inflation should be recognized and accepted, but at the same time ingenuity should be exercised to devise non-inflationary incentive where necessary."

The initial week of March saw daily average crude oil production fall below the 4,000,000-barrel level for the second time this year. The "Oil & Gas Journal" reported on Tuesday that output last week of 3,960,200 barrels was off 55,235 barrels from the previous week. Texas production was off 42,000 barrels to 1,473,450 barrels, California was off 3,500 barrels to 622,250 barrels with Michigan, Louisiana and Oklahoma reporting substantial losses in crude output. Illinois was the only major oil producing State to report a higher crude oil flow in the week ended March 7.

The rapidly-rising stocks of crude oil and refined products in the Southwest resulting from the submarine threat to coastwise shipping which has hampered tanker movements brought an order from Petroleum Coordinator Ickes on March 4 ordering the Southeastern and Southwestern oil fields to pare their March production of crude oil by 204,100 barrels daily from the 2,082,200 barrels originally allotted. Mr. Ickes explained that the curtailed production would amount only to the reduction in available transportation facilities,

and thus the curtailment order in itself would not affect the supplies available for the East Coast markets. The States affected include Texas, Arkansas, Louisiana, Mississippi and New Mexico.

"Situation shows no prospect of immediate improvement, so in order to balance crude oil production with available transportation facilities and to avoid filling crude and products storage to distress levels, it is advisable to reduce the March crude oil production of District No. 3 by 204,100 barrels daily below production rates recommended to supply unobstructed demand," Mr. Ickes wired the petroleum regulatory agencies of the five States. "This necessary reduction in crude oil output should apply to fields other than those from which present production is required for aviation gasoline, tuolene, butadiene and aviation lubricants."

The revised order set up production schedules as follows: Arkansas, 71,500 barrels, unchanged from the original; Louisiana, 314,700 barrels, against 330,000 barrels originally; Missisippi, 53,100 barrels, against 55,600 barrels originally; New Mexico, 102,200 barrels, against 114,500 barrels originally, and Texas, 1,338,600 barrels. Texas, Louisiana and the other States affected moved to revise their production allowables immediately to bring them into line with the new orders of the Petroleum Coordinator. Texas output, on an actual daily allowable basis, was cut to 1,292,239 barrels, or more than 46,000 barrels less than the Ickes revision.

The Office of the Petroleum Coordinator has amended California's conservation plan—acting at the specific request of the industry production committee for the West Coast—to stop the production of oil or gas from wells in that State upon which materials have been installed or used in violation of conservation order M-68 of the War Production Board. The amendment grants specific authority to the California Production Committee to refuse to establish quotas for wells upon which equipment has been installed illegally. When taken in conjunction with prohibitions already incorporated in the oil coordinator's recommendation, under which the California plan operates, this means that not only will the owners of such wells be prohibited from producing any gas or oil from them, but that transporters and purchasers will be prohibited from either moving or buying any such oil or gas.

The elimination or lessening of the present statutory oil depletion allowance for oil companies, recommended by Secretary of the Treasury Morgenthau in his war tax program submitted to Congress last week, would mean that exploratory oil drilling now badly needed for the purpose of discovering new oil reserves in the United States would be badly hampered, if not struck "a fatal blow." The depletion allowance, the trade points out, is a special provision designed to compensate the oil producing companies and individual drillers for risks taken and losses sustained in drilling for oil. The elimination or even lowering of this allowance of the current rate would act as a definite brake on the search for new fields, at a time when Government and industry leaders are strongly urging such exploratory drilling.

In answer to the argument that removal or lessening of the depletion allowance will act as a deterent to the badly needed exploratory drilling, Secretary Morgenthau contends that the statutory depletion allowance could be applied thenceforth to exploratory drilling activities only and not to operations in proven fields. However, oil men contend that the effect would still be to limit new drilling, pointing out that objective of every exploratory drilling operation is to discover oil, and that such an operator under the new arrangement would still be deprived of the benefit derived from the special depletion rate upon becoming a producer of crude oil.

There were no price changes in the crude oil markets this week.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Rising stocks forced another reduction in the wholesale or tank car market for gasoline in the mid-continent area this week as the quotations dropped ⅛-cent a gallon on March 6, on top of a decline of ¼-cent a gallon earlier prior to which the price had held steady since April 25, 1941. Under the new schedule, regular grade gasoline is posted at 5⅝ to 5⅞ cents a gallon. The sharp curtailment of tanker movements from the Gulf Coast to the East Coast because of the submarine menace to coastwise shipping has backed up stocks of gasoline, and in the midcontinent this has progressed to the point where pressure is being exerted upon the price structure.

While prices of fuel oil and gasoline in the transportation-shortage hit East Coast area were firm to strong along the Atlantic Seaboard, in the Southwest light Diesel oil felt the pressure of rising stocks with a 10 cent a barrel reduction being posted at all Gulf ports by major oil companies, effective as of March 2, lowering the quotation for this grade oil to $1.55 a barrel, except at Sabine, where the new posting is $1.60 a barrel. The reduction, posted to meet competition, was a direct result of the rapidly increasing inventories on the Gulf Coast.

Higher retail prices for motor fuel, kerosene and fuel oil in the East plus night and Sunday closings of service stations throughout the nation were recommended on March 4 by the Petroleum Industry War Council, an advisory group of oil industry executives with official standing. Leon Henderson, Director of the Office of Price Administration, was asked by a committee of the Council for approval of a price increase to cover the higher transportation costs resulting from greater use of railroad tank cars instead of tankers. Mr. Henderson took the request under consideration.

It was understood that the increase sought on motor fuel was 0.8 cents a gallon, or a 4-cent jump on five gallons. The markup, if granted, would be effective in the District of Columbia and in the 17 Eastern States in which the curtailment program of last summer and fall was in force. Originally, the Council had proposed night and Sunday shutdowns of service stations only in the East but at its meeting in Washington on March 4 broadened the plan to embrace the entire nation. Ralph K. Davies, Deputy Petroleum Coordinator, declined to comment upon possible action by his department upon the Council's recommendations.

Gasoline of 91-octane rating or higher and components and materials were exempted from price control in a ruling this week by Leon Henderson, OPA director, as a result of the urgent necessity for increased production of aviation gasoline for military use. By amendment No. 1 to revised price schedule No. 88, which covers petroleum and petroleum products, the OPA permits higher prices on this gasoline and encourages greater production from marginal sources of supply. The exemptions apply not only to Government purchases but also to inter-company transactions in components and materials to the extent that they are used in making aviation gasoline.

Price changes follow:

March 6—Wholesale gasoline prices in the midcontinent were cut ⅛ cent a gallon to 5⅝ to 5⅞ cents a gallon for regular grade.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac	$.088
Tide Water Oil	.088
Texas	.088
*Shell Eastern	.088
Other Cities—	
Chicago	.06-.06¾
Gulf Coast	.06-.06
Oklahoma	.06-.06¾

*Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.054
Philadelphia	.054
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28.30 D	.053
Tulsa	.03⅝

Ratio Of Bank Profits To Capital Funds Up

The average percentage of net profits to capital funds for member banks in the Second Federal Reserve District increased in 1941 to 5.5% from 4.3% in 1940, according to the New York Reserve Bank's annual compilation, issued March 6. The improvement in net profits, the bank says, was chiefly the result of a smaller percentage of losses and depreciation of assets, together with an increase in the amount of income derived from loans.

The announcement concerning the figures made public by Allan Sproul, President of the bank, goes on to explain:

Total expenses absorbed a smaller part of total earnings owing chiefly to a reduction in the amount of interest paid on time deposits, which was only partially offset by an increase in the amounts paid for salaries and taxes. The lowest ratios of net current earnings and net profits to capital funds were reported by banks with deposits of less than $500,000 that had small percentages of loans to total assets. Relatively heavy capitalization of such banks (ratios 34 and 35) was a factor in their low rates of earnings. The large New York City banks had somewhat higher ratios of net current earnings to capital funds in 1941 than in 1940, but their net profits were only slightly larger, as net recoveries and profits on securities sold were slightly smaller, and charge-offs on loans were somewhat larger.

The average ratio of total current earnings to total assets, which had declined for a number of years, remained unchanged from 1940, at 3.3%. A further reduction in the average rate of return on securities was counterbalanced by an increased volume of loans, on which the rate of return, although unchanged from 1940, was higher than on securities. The proportion of idle funds in 1941 (cash assets), remained approximately the same as in the preceding year for all banks, although it declined somewhat for New York City banks. The ratio of total expenses to total assets which had declined practically every year since 1932, was unchanged from 1940, at 2.4%.

As a result of rapid expansion in the volume of loans and also of investments, the ratio of capital accounts to loans, securities, and real estate declined in 1941, especially in the large New York City banks, where it fell from 17.5% in 1940 to 15.4 in 1941. The ratio of capital accounts to deposits continued the downward tendency of previous years, reflecting the persistent growth of deposits while capital accounts remained relatively unchanged.

From Washington

(Continued from First Page)

vantage of Churchill. He would not be up against the proposition of getting America into the war.

Washington fully expects Mr. Roosevelt to do everything within his power to keep Churchill in power. In an effort to stave off a parliamentary crisis before he sent troops to Northern Ireland. But this hasn't staved it off. Not even the sending of parade troops to London proper has staved it off. Something else will have to be done. What will it be?

Believe it or not, a report with some credence here is that Mrs. Roosevelt may be sent over. This would sound fantastic if we were not living in a fantastic world.

More likely, though, is that something will be done to answer Britain's demands for a victory somewhere. This phase of things along with the growing clamor in this country for a victory, is causing some concern in high military circles. It can very easily push them into some costly, possibly disastrous action, against their better judgment. Then the clamor would become intensified. One of the most annoying things these officials have had to contend with, to express it mildly, is the widely accepted solution of the war contained in a book by Lieut. Col. Kiernan. It is based on the theory that defense doesn't win wars which is elemental. Then it says the thing to do is simply to send 200,000 men to Italy, have them establish a beachhead and then send reinforcements of 200,000 every month thereafter. Military men point out that it would take 2,000,000 tons of shipping to land the first 200,000. This means 2,000 boats of 10,000 tons each, for the first landing. They are simply not available.

The clamor is also expressing itself in an agitation for younger and more daring men to direct our forces. If good and experienced judgment were ever needed in this country it would seem to be needed now.

However, there is a rather widespread feeling around here that hell will break lose in the spring in more ways than one.

A gradual tightening of the lives of the people at home together with increased boondoggling and backbiting on the part of the Washington bureaucrats, with recklessness in the field of military operations, is the prospect. Barney Baruch, who frequently sits in on Donald Nelson's "cabinet" meetings — those he has twice a week with the seven division heads under him—is becoming more and more convinced and is so advising, that we will have to come to ceilings all around—price ceilings, ceilings on profits, ceilings on wages, ceilings on farm earnings—a rigid state of affairs all around.

The state of men's nerves is illustrated by an incident between Nelson and the head of his production division, W. H. Harrison, of the A. T. & T. Harrison at a press conference sought to explain that the most difficult part of the President's production program was shipping. The 800,000-ton goal was proving to be, at this stage, the most difficult of attainment, he said, Nelson promptly snapped him up and insisted he admitted no difficulty here. Harrison was simply franker. Nelson's reaction promptly caused the circulation of reports that Harrison might be eased out.

Shortly before this, Washington correspondents were treated to unusual enterprise of 75 persons in Archie MacLeish's Office of Facts and Figures being assigned to call correspondents and tell them that Leon Henderson was to appear before the Truman Committee the following day to explain the rubber situation. Inasmuch as the appearances of witnesses before Congressional committees is always posted at convenient places, this unusual enterprise from an agency having nothing to do with Henderson brought inquiries. They developed the fact that Archie's crowd was on "Henderson's side in his conflict with Jones."

The following day Jones appeared at the committee hearing and sat looking intently at Henderson throughout the latter's testimony. Whether because of this or not, there developed no conflict between what Henderson said and what Jones had said, except Henderson was more pessimistic about the future, a matter of temperament. Jones is not a pessimistic soul. But instead of there being any criticism of Jones in Henderson's remarks the latter, much to the disgust of Archie's boys, ended up by paying a glowing tribute to Jones' accomplishments in laying up rubber stores and in the development of synthetic rubber.

On the question of Henderson being more pessimistic of the future than Jones—he said the United Nations would be 400,000 tons short in 1943, that the Government might have to requisition tires now on cars—there is considerable behind the scenes squabbling as to the disposition of the rubber that will be available. There seems to be no doubt that not only Jones but the big tire firms were obstructed by the British and the Dutch at every turn in efforts to load up on rubber. The head of one tire firm alone has told this writer that he had several hundred thousand tons at the docks but was not permitted to bring it away.

Now the disposition in the Administration is to spread our supply all over the United Nations, at the expense of our own economy. There is even agitation to let Latin-America continue to have automobiles and radios although we are to be denied them.

A former cabinet member, now on the Supreme Court, has told this writer that he knows for a fact that when there was the first discussion of building synthetic plants a year or so ago, Jones asked the Navy about it and was assured that it would be able to keep open the flow of rubber from the East.

The attack on the big Texan is getting places, though. Several agencies have already been eased away from him—Federal Housing, Home Owners Loan and others—and now they are moving in on him to get the Export-Import Bank away and give it to Henry Wallace.

These are days of free and frank publicity even if there is little light on anything. Harassed business men will probably enjoy reading the wave of magazine stories about Washington secretaries. Particularly should they be interested in the invariable description of their importance, their great ability to keep the business man from seeing their boss, of sending him away with soft-spoken words of how the boss is just working himself to death. It is interesting to have this experience and then run into the big shot out at night partying, or to see the alacrity with which he goes around making speeches.

Women War Workers Less Now Than In 1918

Fully four times as many women were employed in war industries at the height of World War 1 than are now working in those industries, it was revealed in a study made by the Division of Industrial Economics of The Conference Board. Only 500,000 of the slightly more than 5,000,000 workers now engaged in war plants are women. This compares with 2,250,000 women so engaged out of a total force of 9,000,000 in the closing months of World War 1, says The Conference Board which further reports:

Official estimates are that 15,000,000 workers will be employed on war materials by the end of this year, thus trebling present war employment. If World War 1 ratios prevail, it would mean that the number of women in war industries will jump to 3,500,000. This would be more than seven times as many as are now employed on this work.

To create a war-production force of 15,000,000 would require the services of an additional two million persons who normally do not seek employment. Most of these added workers will naturally have to be women.

Actually, as many as 5,700,000 women between the ages of 14 and 44 could conceivably be drawn from homes and schoolrooms to factories. Besides these, about 1,300,000 women could be drawn from the unemployed. In all, the country has a reserve of about 7,000,000 women to draw on as war production is expanded and men are sent off to war.

However, most of these women are untrained; and in the industries basic to the current war effort, fully three-fourths of the jobs will have to be filled by skilled or semi-skilled persons.

So far, the proportion of women engaged in the essential war industries has not been significantly altered. Vocational training programs for those industries in which the greatest demands will arise are scarcely in their initial stages. A national labor registry of all women appears necessary to determine the occupational skills both of women who are now seeking work and of those who can be induced to do so. The registry would also have to determine their location in relation to the areas in which the demand for their services will be most concentrated.

The Board notes that after World War 1 ended, many of the special wartime workers continued in factory jobs. In fact, it says, the war had proved that women were especially efficient in producing electrical machinery, leather, optical goods, and scientific and professional instruments. The Board adds:

Thus the number of women employed in all manufacturing steadily increased, not only in absolute amounts but also in proportion to the total number employed. Whereas women comprised only 20% of all factory workers in the period from 1909 to 1914, they comprised 21.7% in 1929, and 25.4% in 1939. According to the last Census, 1,650,000 women were employed in manufacturing in 1914; 2,229,000 in 1919, 2,237,000 in 1929, and 2,644,000 in 1939.

Nevertheless, the number of women employed in industries essential to the war effort is about a low as at the beginning of World War 1. In nineteen major war industries in 1914, an average of 65 women per thousand and wage earners was employed. In 18 basic defense industries in 1939, an average of 73 women per thousand workers was employed. This proportion has not appreciably changed since 1939. . . .

In England, according to Prime Minister Churchill, as many women were employed in industry and in the services and forces by the end of 1941 as were employed in mid-1918.

Although the number of women who were unemployed remained as high as in peacetime until March, 1941, it dropped from 400,000 in September, 1939, to less than 100,000 by mid-November, 1941.

The entrance of women into the labor force was facilitated by the registration of certain age groups. All women born in the years from 1910 to 1921 were required to register with the Ministry of Labor last spring. By December, 1941, this registration was completed, and the order was extended to women from 32 to 40 years old.

Supplementary orders have been issued providing for the transfer to war work of all women who are from 20 to 25 years old and who are employed in retail distribution outside the food industry. Similarly, women in this same age group who are employed in the light and heavy clothing industries and in woolen and worsted mills were transferred to essential industries.

Launch Guayule Rubber Production Project

The Forest Service and the Bureau of Plant Industry—following instructions from Secretary of Agriculture Wickard—are proceeding with a program for government production of guayule rubber in the Western Hemisphere and for investigating the possibilities of other rubber-bearing shrubs, the Agriculture Department announced on Mar. 8. Other bureaus of the U. S. Department of Agriculture, Secretary Wickard said, will be called upon for such additional technical information and assistance as is necessary. In indicating this, the Department stated:

This action followed immediate passage of the so-called guayule rubber production act (S. 2282) by Congress and its signature by the President.

The assignment of the action program for guayule production was given to the Forest Service, Secretary Wickard said, because of the wide experience of that bureau in the operation of nurseries for the production of forest trees and some shrubs and grasses and in making extensive field plantations throughout a large part of the United States. The Prairie States Forestry Project of the Forest Service, which has established 16,000 miles of shelterbelts on 22,000 farms in the Prairie States since 1935, has also involved many of the operating problems which will be met in the guayule undertaking.

The Bureau of Plant Industry, the Secretary added, is charged with responsibility for making the essential technical investigations relating to the production of crops of guayule and the rubber-producing possibilities of other shrubs. It has studied guayule and its rubber producing possibilities for many years, and is prepared to continue research on the plant as well as on the possible use of other rubber-bearing plants in the Western Hemisphere, as provided in the act (S. 2282).

Secretary Wickard states:

It is recognized that the project authorized by the legislation just enacted, is not in itself an immediate solution of the Nation's rubber supply problem. The law limits field plantings of guayule to 75,000 acres, which is about all that can be accomplished by the spring of 1943 with seed which is available at present, but once the project is under way, there will be opportunity for expansion if needed.

Guayule, according to officials called upon by the Secretary, is a slow-growing shrub native to limestone slopes of north central Mexico and the Big Bend area of Texas. Commercial shipments of wild guayule rubber have been made from Mexico for many years. Production of such wild rubber, however, is not expected to exceed 10,000 tons annually, providing the areas where it grows are so managed that only mature plants are taken and enough shrubs are left to insure natural restocking. The Department's advices also state:

The nucleus of the government's undertaking already exists in the properties and processes developed by the Intercontinental Rubber Co. in its production of guayule for many years from the wild shrub in Mexico and experimentation with cultivation of guayule in California and at other points in the Southwest. The act authorizes the Department of Agriculture to acquire this company's seed supplies, processes and facilities for "not to exceed $2,000,000." An agreement has been reached for purchase of these properties at a cost of $1,721,235.

The first guayule rubber production act was vetoed by the President on Feb. 17 because the House had restricted planting of the shrub to the United States (see issue of Feb. 26, page 847). A new bill extending the planting to the Western Hemisphere was passed by the Senate on Feb. 19 and by the House on Feb. 28.

NAM Urges Industry To Turn Tide of War

Exhorting all industry to recognize "the spector of defeat" in war communiques, William P. Witherow, President of the National Association of Manufacturers on Mar. 9 challenged every manufacturer to rise to the "supreme test of the nation" and "turn the tide of war" in the next 10 months.

The N. A. M. President's message to the association's membership, written in sober appraisal of War Production Chief Nelson's warning that we have "10 months to go," called for an end to all "but one fight—against the enemy from without."

"I'd rather be without plant, private enterprise or wealth than to take my orders from Tokio," Mr. Witherow declared.

The message in part said:

"There was a world of meaning in Donald Nelson's warning that we have '10 months to go'—that the war would be won or lost in that time. Because my contacts in Washington this week have only served to emphasize this warning as a most sober appraisal, I address this appeal to our membership.

* * *

Let's not await another Pearl Harbor before hard-headed realism causes us to see that this is the supreme test of the nation—a test no American ever expected to face.

Manufacturers have responded in this crisis, but the purpose of my appeal, as your President, is to say that it is not enough.

Every vestige of business in the ordinary sense must fade before this demand. Every machine must make its maximum daily output in constant operation. Every plant that can make anything for war must convert NOW, or neither plant nor country will survive.

I know the hindrances and the drawbacks, but in war all obstacles must be hurdled. Whatever the handicaps, let it never be said that management caused them or stood aside in idle helplessness because of them. Some day the efforts of this moment will be tried in all their nakedness before the supreme jury of the people; let not the verdict of anything "less than our best" soil the reputation of manufacturers' patriotism.

This is the moment when experience, orderliness, efficiency and managerial "know-how" can prove themselves against whatever confusion might prevail.

Personally, I think we mgiht just as well give our all in personal energy, plant production and taxes now as to lose all eventually. I'd rather be without plant, private enterprise or wealth than to take my orders from Tokio.

No group has fought more vigorously than the manufacturers for the preservation of the ideals of freedom when the attack was from within. Today those ideals are assailed from without.

This is the time for but one fight—against the enemy from without.

Save the nation now and fight like troopers afterwards for what you believe that nation should be!

Complacency born of wealth and a peace-minded people is today our greatest single enemy.

Fellow-manufacturer, you are the man behind the man behind the gun.

This war is down our alley of mass production.

Our War Production Chief, Donald Nelson, has laid down the challenge to us. It is no easy one. He has given us 10 months to meet it. Ten short months to turn the tide, "to shape the whole course of history for a thousand years, and shape it to our way of life."

Never in history has so great a task been set. But American industrial management has a long history of accepting and meeting challenges.

It will meet this one.

New Steel Plants Cost $1.1 Billions in 1941-2

Nearly $1,100,000,000 in private and government funds was expended in 1941 or allotted for expenditure in 1942 to increase steel output for war needs, according to a survey of the industry released on March 4 by the American Iron and Steel Institute, which further shows:

The outlay by steel companies themselves for new equipment and construction last year was $295,000,000 and this year they are planning further expansions at a cost of $260,000,000.

The Government in 1941 spent $130,000,000 to install certain new steel equipment wanted for special war work, and for 1942 approximately $414,000,000 in government funds has been allotted for the development of steel facilities. Plans for still larger additional expenditures by the Government are under consideration.

Of 176 steel companies replying to the questionnarie, 134 representing more than 90% of the industry's capacity planned expansion or improvement of their plants this year.

The investment in new steel plants and equipment from 1935 through 1942 totals $2,207,000,000. From 1929 to 1939, the industry increased its capacity by over 10,000,000 net tons of ingots and since the beginning of 1939, the increase in capacity has been nearly 7,000,000 tons to the present total of approximately 88,500,000 tons. Total capacity at the beginning of 1929 was approximately 71,500,000 tons.

This additional capacity, built while the nation was at peace was not fully employed until the war emergency arose. A reserve capacity thus was created, which is now proving of incalculable value in preventing shortages of war materials.

The steel industry, as a result of its expansion and modernization program, was able to produce nearly 83,000,000 net tons of steel last year, or about 97% of its capacity, despite strikes and shortages of scrap and other raw materials. This output, a new record, was about 25% more than was ever before produced in a single year.

N. Y. Coffee & Sugar Exchange 60 Years Old

The New York Coffee and Sugar Exchange, Inc., on Mar. 7 observed its 60th anniversary. Trading started in March, 1882, under the name of the New York Coffee Exchange and a charter was granted to incorporate as the Coffee Exchange of the City of New York, on June 2, 1885. In 1914, trading in sugar futures was started and in 1916 the name was changed to the New York Coffee and Sugar Exchange, Inc.

The "purposes" of the Exchange, as cited in the "charter," are: "To provide, regulate and maintain a suitable building, room or rooms for the purchase and sale of coffees and other similar grocery articles in the city of New York, to adjust controversies between its members, to inculcate and establish just and equitable principles in the trade, to establish and maintain uniformity in its rules, regulations and usages, to adopt standards of classification, to acquire, preserve and disseminate useful and valuable business information, and generally to promote the above-mentioned trade in the city of New York, increase its amount, and augment the facilities with which it may be conducted.

The Exchange did not celebrate the anniversary in any way, W. W. Pinney, President of the Exchange, explaining that these are not the times for elaborate celebration. He added, however:

The three-score years during which the Exchange has continually operated under the terms of its charter, have been alive with benefits not only to the American coffee and sugar trade but to producing countries, especially in this hemisphere. The 60-year period has encompassed all sorts of times—booms, depressions and several wars. The Exchange has aimed at attaining a more perfect score, especially in its function to facilitate the handling of over 2,000,000,000 pounds of coffee and over 15,000,000,000 pounds of sugar, consumed in the United States each year. For the duration of the war, it appears likely, that normal market activities will not be possible. However, the Exchange is laying plans for the time when the skies will brighten, is keeping the machinery well oiled, free from rust, ready to begin operating with a minimum of delay to help cushion the post-war shock. Just as the nation takes its strength from the valiant men of Valley Forge, we now renew our faith from the record of the pioneers of the Exchange who founded it 60 years ago.

1941 Cotton Loans

The Department of Agriculture reported on Mar. 5 that Commodity Credit Corporation had made 1,104,122 loans on 2,122,020 bales of 1941 crop cotton through Feb. 28, 1942. A total of 139,326 loans were repaid on 294,280 bales, leaving outstanding 964,796 loans on 1,827,740 bales.

IBA Publicity Group To Push Defense Bonds

The entire public relations organization built up on a nationwide basis over a period of two years by the Investment Bankers Association of America is henceforth to devote its energy to furthering the sale of Defense Bonds, it was announced in Chicago by John S. Fleek of Cleveland, President of the Association and chairman of the national committee directing its public relations. The organization of key men located in every important city of the country is being galvanized into action, the announcement said, and it explained that these men are the leaders of working units in each of 17 geographical group of the association, which, in turn, include innumerable other workers. It was also explained that this move was over and above the part that the IBA is contributing to the cooperative efforts of all the associations representing the investment securities business—the National Association of Securities Dealers, the Association of Stock Exchange Firms, the New York Stock Exchange and IBA, as recently announced by the Treasury Department.

The statement of policy of the association's public information program was made at a dinner meeting of the Central States Group of the Association, at the Blackstone Hotel in Chicago on Mar. 5, one of the purposes of a program that has brought the investment bankers here from every part of the country. It is the first considerable gathering of investment bankers since the outbreak of war and has attracted a wide geographical representation.

In making the announcement Mr. Fleek said that it had been "proposed at a meeting of the public information committee in Chicago on Mar. 3, adopted by the Board of Governors at its meeting on Mar. 4, and broadcast to all members of the association on Mar. 5 with confidence that it would be approved in every corner of the country."

Jan. Blue Food Stamps Buying Over $9,000,000

Blue food stamps added more than $9,400,000 worth of farm products during January to the diets of more than 3,500,000 persons eligible to receive public assistance, the Department of Agriculture said on March 6 in its monthly report on the Food Stamp program. From the Departments announcement we also quote:

> During January, families taking part in the Food Stamp program used blue stamps, which increased their expenditures for agricultural commodities approximately 50%, as follows: about 12% for butter, 24% for pork, 23% for vegetables, 15% for cereals, 14% for eggs, and 12% for fruits.
>
> Purchases with blue stamps, as estimated by the Agricultural Marketing Administration, included about 28,000,000 pounds of Irish potatoes, 27,000,000 pounds of flour, 8,000,000 pounds of fresh apples, 10,250,000 pounds of pork, 3,565,000 dozen eggs, and 2,800,000 pounds of butter.
>
> Other blue stamp purchases during the month included about 2,180,000 dozen fresh oranges, 900,000 pounds of fresh pears, and 1,500,000 pounds of dried prunes and 5,200,000 grapefruit.
>
> In addition to purchases of commodities with blue stamps, AMA continued in December to distribute farm products for use in free school lunches and to needy families in areas not served by the Food Stamp program.

Urge Revision of N Y Stock Transfer Tax

Governor Lehman was again requested on Mar. 5 to give favorable consideration to a revision of the schedules of the stock transfer tax, and particularly the elimination of double taxation on odd-lot transactions in a letter addressed to him by Marshall W. Pask, Chairman of the Securities, Commodities and Banking Section of the New York Board of Trade. Mr. Pask says that he is "under no delusions that the modification of this tax would of itself stimulate the securities business, but it would be a step in the right direction." Mr. Pask points out in his letter to the Governor that "unfortunately, there are some who desire our whole capital markets structure to be socialized" and also want "to wipe out Wall Street and every firm engaged in the securities business." Declaring that these people want "a new system of government, and believe that financial chaos is the best method to promote a national socialist government, Mr. Pask expresses doubt that such people are real Americans with true understanding of democracy in government, and an appreciation of the place of free American enterprise in our business structure." In his letter to Governor Lehman, Mr. Pask enclosed a newspaper clipping showing that March sales of shares were the lowest for that month in 27 years and also enclosed a copy of a letter sent to Senator Coudert, a sponsor of the bill for revising the transfer tax, in which he said "there is absolutely nothing in view to show that the next six months will be any better."

Pres. Roosevelt Signs $32 Billion War Bill

President Roosevelt signed on March 5 the largest appropriation bill in history—providing $32,762,737,900 for the Army, Maritime Commission and lend-lease aid. The completion of Congressional action on the measure came on March 2 when the Senate adopted it and the House agreed to Senate additions (see issue of March 5, page 946). The House had previously voted the funds on Feb. 17. Included in the measure was nearly $23,000,000,000 for the Army, $3,852,000,000 for a shipbuilding program and $5,425,000,000 for direct lend-lease aid. In addition, the measure contains a clause permitting up to one-half of the equipment to be turned out for the Army to be sent as lend-lease aid to other countries.

Urge Flax, Soybean Crops

The Department of Agriculture on March 7 urged farmers who grow oats and barley as cash crops to substitute soybeans or flax for these crops wherever possible. This the Department says is an additional step designed to bring about further increases in domestic vegetable oil production to supply expanded war needs, and replace supplies formerly imported.

The suggestion to substitute these oil crops applies to areas where oats and barley are grown as cash crops and does not apply, it is pointed out, where these grains are needed as nurse crops for new grass and legume seedings.

Because of curtailed imports, increased reliance of the United Nations upon our production of fats and oils, and increased domestic demands, it is imperative that the production of oil crops be increased as much as possible. About one-half of the total imported vegetable oil supplies of the U. S. normally come from the Far East. The war has virtually cut off this source.

The request to substitute soybeans for oats and barley follows other measures in a program to encourage greater vegetable oil production. These measures include:

(1) A program to assist farmers in obtaining soybeans and peanuts for seed.

(2) A price supporting purchase and loan program for soybeans, peanuts and flax.

(3) A revision in the AAA program to add grasses and legumes seeded with flax, peas or small grain to the list of crops and land uses which may be used to meet the requirement that 20% of the farm's cropland be devoted to soil building crops.

(4) A revision in the AAA program providing that approved cover crops—seeded next fall on acerage now devoted to peanuts grown for oil—may qualify for as much as one half of the erosion-resisting acreage requirement. In most of the peanut growing areas, the soil building program requires that cooperators devote a minimum of 25% of their farm's cropland for a part of the program year to erosion-resisting crops.

(5) A plea to cotton growers to plant their full allotments in order to make available as much cottonseed oil as possible, except where this would interfere with contemplated peanut or soybean increases.

Says Proposed Bill May Demoralize Farm Credit

The tendency of certain groups in Congress to continue seeking legislation which has not the remotest connection with winning the war and which will mean further subsidy hand-outs for certain sections of our population is one of the most harmful influences in public morale, Frederick P. Champ, President of the Mortgage Bankers Association of America, told members of the Kansas City Mortgage Dealers Association on March 6 at a meeting of the group in Kansas City. W. Laurence Smith, President of the local association, presided. Mr. Champ said:

> The sub-committee of the Senate Banking and Currency Committee has just begun hearings on Senate Bill No. 1797 by Senator Bankhead and better known as the Fulmer Farm Credit Act of 1941 which, if passed, would mean virtual elimination of private enterprise from the farm loan field.
>
> This legislation would eliminate the cooperative features of the Farm Loan Act and would, in effect, place all farm lending decisions in the hands of one man, the Governor of the Farm Credit Administration, a Presidential appointee.
>
> It provides that the interest rate will remain at 3½% for another five years and this subsidy will remain in effect regardless of the cost to the Government. It is lower than urban borrowers are paying.
>
> The bill invites a scale-down of borrowers' debts at the expense of the Government. It provides that three-fifths of the stock owned by borrowers and former borrowers is to be refunded at par regardless of the financial soundness of any particular farm loan association.
>
> It authorizes the Farm Credit Administration to refinance those farmers not in the Federal Land Bank System who have taken advantage of Section 75 of the Bankruptcy Act. In doing this refinancing, the Farm Credit Administration is authorized, without limit, to purchase for any individual farmer additional land and provide him with satisfactory buildings, apparently lending him the full amount of the cost. The scale-down of debt may contribute to the demoralization of the farm credit structure.
>
> The legislation does not relieve the Government from continued subsidy in the farm mortgage field but will, it appears, increase this subsidy.
>
> At a time when all the nation's energies, wealth and manpower ought to be devoted to one thing and one thing alone —winning the war — certain groups in Congress continue to agitate for this legislation which, stripped to its barest essentials, is a further subsidy for farm borrowers. Farmers do not need additional subsidizing of this sort today and furthermore every available dollar of public money should go to the war effort.

Typewriter Rental, Sale Frozen By War Board

The War Production Board "froze" on March 6 all sales and deliveries of new and used typewriters. The order, effective at midnight, is to be followed by a rationing program soon to be worked out by the Office of Price Administration. Also affected by the order is the renting of typewriters; those having such machines in their possession have until April 1 to return them.

The WPB's announcement March 4 said, in part:

> After midnight no new typewriter may be delivered to any consignee without express permission of the Director of Industry Operations unless the typewriter is actually in transit at the time the order takes effect. Typewriters may be delivered from one dealer or distributor to another but not from a manufacturer to a dealer or distributor.
>
> Used typewriters are subject to substantially the same restrictions, except that they may be delivered for repair or returned after they have been repaired, and leased typewriters may be returned to the lessor.

On March 7 the WPB modified the order to permit continuation of the following two customary transactions involving used typewriters:

> 1. Used typewriters loaned to persons whose own typewriters are undergoing repairs.
>
> 2. Used typewriters transferred to any person for the specific purpose of taking a Civil Service examination. Upon completion of the examination, the typewriter must be returned to the owner.

In 1941 the typewriter industry produced 736,000 standard models and 530,000 portables. The WPB had held a meeting with manufacturers on Feb. 3 at which it was suggested that, in order to convert their facilities to producing war materials, they curtail production during the next three months by 20 to 25% and to prepare for ultimate cuts of 40% in the standard type of machine and 80% in the portable type.

NYSE Short Interest Higher On Feb. 27

The New York Stock Exchange anounced on March 7 that the short interest existing as of the close of business on the Feb. 27 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 489,223 shares, compared with 460,577 shares on Jan. 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Feb. 27 settlement date, the total short interest in all odd-lot dealers' accounts was 76,596 shares, compared with 85,717 shares, on Jan. 30.

The Exchange's announcement further said:

> Of the 1,234 individual stock issues listed on the Exchange on Feb. 27, there were 21 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.
>
> The number of issues in which a short interest was reported as of Feb. 27, 1942, exclusive of odd-lot dealer's short position, was 447 compared with 433 on Jan. 30, 1942.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Mar. 28	488,815
Apr. 29	530,594
May 31	428,132
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223

Tire Rationing Upheld

Federal District Judge Luther B. Way at Norfolk, Va., on March 6, upheld the validity of the tire rationing regulations issued by Price Administrator Leon Henderson and issued a permanent injunction restraining delivery of passenger and truck tires and tubes without OPA authorization.

Judge Way stated that the urgent public need for rubber and its paramount importance in prosecution of the war is such that all citizens should comply with the tire rationing regulations. In the case at issue, he added, the public need for tires is paramount and must prevail regardless of the technical fact of ownership.

The OPA announcement regarding the decision further said:

> Today's decision came in the first civil action brought by the Office of Price Administration under its tire rationing regulations. The case arose when Smith-Douglass Co., Inc. filed a suit in the Norfolk Court of Law and Chancery to compel the Joynes Tire Co., a tire dealer, to deliver $1,427 worth of passenger car and truck tires alleged to have been purchased last August. All tire deliveries were "frozen" by the Government on Dec. 11, and, subsequently, rationing regulations were put into effect prohibiting transfers of tires without eligibility certificates issued by OPA local rationing boards.
>
> OPA was not made a party to the Chancery Court action and, in order to prevent any possibility that the tire might be leased, applied for and obtained a temporary restraining order in the Federal District Court.
>
> Smith-Douglass Co. answered the complaint and filed a motion challenging the validity of the rationing regulations and seeking to have the temporary restraining order dissolved and the action dismissed. In a countermove, Talbot Smith, chief of the civil litigation unit of the Enforcement Section of OPA's legal division, moved for and obtained a judgment on the pleadings granting a permanent injunction against the transfer of the tires and tubes. Associated with Mr. Smith on the Government's side was Russell Bradford, Assistant United States Attorney at Norfolk.

Items About Banks, Trust Companies

In view of the increasing burden of taxes and in order to continue to maintain a strong capital position, the Board of Directors of Bankers Trust Company at its meeting on March 3 reduced the dividend for the quarter ending March 31, 1942, to 35 cents per share, according to a statement issued after the meeting. The dividend is payable April 1 to stockholders of record March 12. The previous quarterly dividend rate was 50 cents per share.

Harry E. Ward, Chairman of the Board of Irving Trust Company of New York, announced on March 5 the election of O. L. Alexander to the Irving's Board. Mr. Alexander is President of Pocahontas Fuel Co., Inc. Previous to his election as President of the fuel company in 1932, Mr. Alexander gained broad experience in his company's business, having served as an executive in its production, sales and administrative branches. He is also President and Director of the Pocahontas Corp. and the Pocahontas Steamship Co. Mr. Alexander is Chairman of the Board of Directors and President of the American Enka Corp., a leading manufacturer of rayon yarn; President of Pulaski Iron Co.; a Director of the First National Bank of Bluefield, W. Va., and a Director of Holland House Corporation of the Netherlands.

The election of Carl O. Hoffman, corporation lawyer of 30 Broad St., as a Director of The Continental Bank & Trust Co. of New York, was announced on March 4 by Frederick E. Hasler, Chairman of the Board of the bank. Mr. Hoffman is the son of Frederick H. Hoffman, who was one of the founders and owners of Gem Safety Razor Corp. He specializes in corporate and banking law practice and holds directorships in a number of corporations, among them Arkansas Utilities Co., Missouri Utilities Co. and Orange Knitting Mills, Inc., etc.

It is stated that more than 1,000 persons visited the new Queens branch of Sterling National Bank & Trust Co. of New York, located at 95-38 Queens Boulevard, on March 3. Over 200 new accounts, it is announced, were opened during the day, while total deposits in excess of $125,000 were received, according to Joseph Pulvermacher, President of the bank. Many prominent officials and persons were among the visitors.

James Dean, formerly President of the Boston Stock Exchange and Chairman of the Board of the Boston Safe Deposit & Trust Company since 1932, died at his home in Brookline on March 1. He was 67 years of age. Mr. Dean served as Treasurer of Wellesley College for 17 years, and was also Treasurer of the Massachusetts Eye and Ear Infirmary. He was a Director of the New England Mutual Life Insurance Co. and the Brookline Trust Co., and a Trustee and member of the Finance Committee of the Brookline Savings Bank. The Boston "Herald" of March 2, from which the foregoing is taken, also said:

> Soon after his graduation from Harvard University in the class of 1897, he entered the Boston office of Vermilye & Co., New York Bankers, and in 1905 became manager of the Boston office of William A. Read & Co. A few years later he became a partner in the firm, which became Dillon Read & Co., and continued with them until 1924.

Effective March 2, the William Penn Trust Company of Pittsburgh, Pa., changed its name to the William Penn Bank of Commerce. Alexander Murdoch, President of the institution, is reported as stating that the institution had given up its trust powers which were in its original charter but which never were used. The Pittsburgh "Post-Gazette," from which this is learned, said:

> The capital structure of the bank also has been changed. A total of $150,000 of 4% cumulative convertible preferred stock of $50 par value has been sold to the public and the preferred stock held by the RFC has been retired. The par value of the 2,500 outstanding common shares has been reduced from $50 to $20 per share and $50,000 of this reduction has been placed in surplus and $25,000 to reserve for contingencies.
>
> This is believed to be the first bank in Pennsylvania and probably one of the first in the Nation to issue a convertible preferred. The new preferred is convertible on the basis of $50 par value of preferred plus $25 in cash for $50 par value of common stock. A holder of preferred desiring to convert would tender one share of preferred and $25 in cash to receive 2½ shares of common stock.
>
> Mr. Murdoch is quoted as saying that the deposits of the bank have increased materially during the past year, and "it is one of the few banks reporting an increase in savings accounts despite the heavy sale of defense bonds."

All bids for the purchase of the remaining assets of the old Baltimore Trust Co., Baltimore, Md., which has been in liquidation for almost 10 years, were rejected by the Court on March 4. Regarding the bids the Baltimore "Sun" of March 5 reported:

> The highest bid, $1,915,500, was put in by Wertheimer & Co., Baker Watts & Co., W. W. Lanahan and Stroud & Co. The proceedings were attended by numerous real estate men and investment brokers.
>
> Judge Eugene O'Dunne signed an order rejecting all bids and authorizing John D. Hospelhorn, receiver for the Baltimore Trust Company, to return to the bidders their certified checks for 20% of the bids.
>
> Mr. Hospelhorn proposed the prompt sale of the assets to effect an immediate final settlement to all creditors and depositors. Such a sale, it was pointed out, would have permitted the creditors and depositors to receive an additional payment of about 10%. Approximately 61% has been paid back so far.
>
> However, a number of brokers and persons interested in the purchase of only real estate items or of other isolated assets argued that the assets would bring a higher price if sold in sections.
>
> Following the session, Mr. Hospelhorn asserted he would not request that more sealed bids be asked. He said he would accept bids on all or parts of the assets and each bid would be handled separately as it is filed.

Considerable interest has been maintained in the assets by reason of two large blocks of stock contained among the assets. These blocks are approximately 67,000 shares of Davison Chemical Corp. which is listed on the New York Stock Exchange, selling around $10 per share, and approximately 45,000 shares of International Mercantile Marine common, also listed on the Stock Exchange, and selling around 9¼.

Urges Management, Labor To Speed Arms

Donald M. Nelson, Chairman of the War Production Board, on March 2 called on management and labor to stop blaming each other for lack of production of arms and to do everything within their power to surpass the peak production of the "slaves of Germany and the slaves of Japan." In a radio address to the nation, Mr. Nelson warned that the "greatest production job in history" must be accomplished in 1942, adding that "we have but ten months to go—304 days—in which to strengthen our striking power to a point where victory can come within our grasp."

In order to achieve the production goals of 60,000 military planes, 45,000 tanks, 20,000 anti-aircraft guns and 8,000,000 tons of merchant ships, set by President Roosevelt, Mr. Nelson said it was necessary to have three-shift production and to work machines as much as possible to the limit of 168 hours per week. He added that he was confident that by doing this, production of existing equipment could be increased by 25%.

The War Production Board chief called for the establishment of joint management-labor committees in each plant to run the drive "to push production up to and beyond the President's goals." He continued:

> And right here I want to say that this is no sly scheme to speed up men and machines for profits' sake. It is instead a job in which we all can take a hand and share in its success. Out of it must come greater production per machine and much greater use of each machine now operating.

Mr. Nelson also revealed that he plans to bring the production goals closer to men and management by assigning quotas to the primary producers, with each shop's production schedule laid out on a scoreboard for every day.

Two other points in the production drive, Mr. Nelson reported, are: Awards of merit for "production soldiers" in recognition of their special contribution and extension of lines of communication between the plants and the theatres of war to tell how the instruments of warfare have performed.

Jan. Sales On Exchanges: Market Value Down 47%

The Securities and Exchange Commission announced on Feb. 28 that the market value of total sales on all registered securities exchanges for January, 1942, amounted to $638,247,406, a decrease of 47.7% from the market value of total sales for December 1941, and a decrease of 16.1% from the market value of total sales for January 1941. January stock sales, excluding right and warrant sales, had a market value of $512,290,415, a decrease of 52.8% from December. January bond sales were valued at $125,744,306, a decrease of 6.7% from the December market value. The market value of right and warrant sales for January totaled $212,685, involving 1,169,888 units. The SEC further reported:

> The volume of January stock sales, excluding right and warrant sales, was 27,189,195 shares, a decrease of 56.2% from December. Total principal amount of bond sales for January was $256,089,400, a decrease of 7.6% from December.
>
> The two New York exchanges accounted for 94.3% of the market value of total sales, 93.1% of the market value of stock sales, and 99.4% of the market value of bond sales on all registered securities exchanges.
>
> The market value of total sales on exempted securities exchanges for January 1942 amounted to $277,317.

Strikes In War Plants Up 77% In Feb.—NAM

The number of strikes in war production plants during February increased 77% over January, involved 357% more workers and resulted in 206% more man hours being lost than during the preceding month, the National Association of Manufacturers revealed on March. 2. The Association pointed out its report on strikes was compiled from reports in metropolitan newspapers and papers in principal industrial centers and did not purport to cover every strike action.

Comparison of strikes during January and February, the Association said, indicated the policy of "Strikes As Usual" had not abated despite the seriousness of the war. The Association's tabulation of strikes follows:

	January	February
War industry strikes	43	76
Men involved	15,512	70,905
Man-hours lost	661,976	2,028,824
Non-defense strikes	25	27
Men involved	13,108	11,773
Man-hours lost	1,750,224	1,192,152
Total—		
Strikes	68	103
Men involved	28,610	82,678
Man-hours lost	2,412,200	3,220,976

From the Association's announcement the following is also taken:

> The strike report pointed out the man hours lost in defense plant strikes alone last month was the potential work time to build upwards of 200 four-engine bomber planes, or 2,000 dive bombers.
>
> Majority of the strikes in defense plants involved CIO locals. Six strikes were jurisdictional disputes between CIO and AFL locals, 44 involved CIO and 22 AFL locals. The remainder involved independent unions.
>
> AFL local unions were involved, the Association said, in 20 of the 27 strikes at non-defense plants. Four strikes involved CIO locals and three others involved independent unions.
>
> The Association pointed out a majority, if not all, of the strikes at defense plants could be described as "critical." Production of such vital and basic war products or materials as bomber parts, anti-aircraft guns, ships and ship parts, armor plate, machine tools and dies was delayed because of strikes, the report revealed.
>
> Various reasons were offered to justify the strikes according to the newspaper reports but among the more unusual was that advanced by 160 welders who "walked out" because a foreman used "bad language." Another strike of 10,000 men was called because a worker slapped a co-worker in the plant.

Name Price Control Court

A three-member Emergency Court of Appeals to review protests arising under the Price Control Act was designated on March 2 by Chief Justice Stone of the U. S. Supreme Court. Fred M. Vinson, Associate Justice of the United States Court of Appeals of the District of Columbia, will serve as Chief Judge and the other members will be Judge Albert B. Maris of the Third Circuit Court at Philadelphia and Judge Calvert Magruder of the First Circuit Court at Boston.

As set forth in the Emergency Price Control Act of 1942 (the text of which was given in our issue of Feb. 12, page 673) this Emergency Court will have sole jurisdiction to hear complaints against price or rent orders issued by the Price Administrator, Leon Henderson. It does not have jurisdiction over criminal proceedings brought by the Price Administrator for violation of price orders.

U. S., Brazil Sign Lend-Lease Compacts

Agreements between the United States and Brazil providing for additional collaboration between the two countries in the interest of hemisphere defense were signed at Washington on March 3. The agreements cover a new lend-lease pact, an arrangement for developing Brazil's strategic materials and natural resources, including rubber, and iron ore, and the extension of credit up to $100,000,000 for financing dollar expenditures in connection with Brazil's productive resources program.

The pacts were concluded after several weeks of negotiation. Among those signing the accords were Acting Secretary of State Sumner Welles, Ambassador Carlos Martins of Brazil, Dr. Arthur de Souza Costa, Brazilian Finance Minister and officials of the Federal Loan Authority and the Export-Import Bank of Washington.

The bases of the arrangements were laid at the conference of American Foreign Ministers in Rio de Janeiro in January and implement the economic resolutions adopted there for the mobilization of resources for the defense of the Western Hemisphere.

According to the Associated Press, the agreements provided for:

> A credit of $100,000,000 so Brazil can develop her natural resources, including such war-vital materials as iron, rubber, magnesite and bauxite.
>
> Establishment of a $5,000,000 Rubber Reserve Co. to develop raw rubber production in the Amazon Valley and adjacent regions.
>
> Rehabilitation of the 365-mile long Victoria-Minas Railway; opening up of iron mines in the Itabira region, where some of the richest iron ore deposits in the world are located, and improvement of ore-loading facilities at the port of Victoria. The Export-Import Bank agreed to lend Brazil up to $14,000,000 for this project.
>
> Expanded lend-lease aid to Brazil, which signed a $100,000,000 lend-lease agreement last fall. Amount of the additional loan was not disclosed.

British Ambassador Lord Halifax was one of the signers of the iron ore development agreement. The loan will be paid out of iron ore sales made to the Metals Reserve Co. and the British Government.

Mr. Welles said that the agreements were "one of the concrete answers of Brazil and the United States to Hitlerism and the other declared enemies of the liberties of the Americas, of Christian civilization and of mankind itself."

Ambassador Martins declared that the pacts were a shining light marking the already bright path of political relations between our two countries," and asserted that "they unveil before our eyes the vast horizons of further economic progress."

Dr. de Souza Costa said they were significant "not only because of their concrete objectives of increasing the capacity for production in order to overcome present difficulties, but principally in the sense of countervailing the idealogies of hate and disunity by the spirit of solidarity which inspires the governments of America."

The Brazilian Finance Minister, who headed the negotiating committee, said that his government would probably establish a new organization to develop the nation's strategic resources. The United States will provide the required technical and expert assistance.

The first lend-lease pact between the two countries was reported in our issue of Oct 16, page 619.